

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET DOMINANT
PRICE ADJUSTMENT

Docket No. R2017-1

UNITED STATES POSTAL SERVICE
NOTICE OF MARKET DOMINANT PRICE ADJUSTMENT
(October 12, 2016)

Pursuant to section 3622 of title 39 and 39 C.F.R. part 3010, the United States Postal Service hereby provides notice that the Governors have authorized the Postal Service to adjust the prices for its market dominant products. This adjustment will take effect at 12:01 a.m. on January 22, 2017, and affects all the market dominant classes. Consistent with the statutory and regulatory guidelines for market dominant pricing, the adjustment includes an average inflation-based rate increase for each class of mail; however, while some products within each class will see a price increase, other products will actually experience a price decrease. The proposed changes also include, among other things, an adjustment to bundle and piece pricing for the Flats Sequencing System (FSS) and Carrier Route 5-Digit categories; increased piece/pound breakpoints for Standard Mail flats; and a name change for Standard Mail, which will become USPS Marketing Mail.¹

In this Notice, the Postal Service provides the information required by Rule 3010.12, including a schedule of the new prices set forth in Attachment A.² The Postal

¹ To avoid confusion, the Postal Service will continue to use the name "Standard Mail" during this Docket.

² Attachment A also contains the proposed Mail Classification Schedule changes.

Service certifies that it will inform customers of these price adjustments, as required by Rule 3010.12(a)(3). In addition to this Notice, the Postal Service is publishing notice of these price changes on USPS.com, the Postal Explorer website, and via an Industry Alert and *DMM Advisory*, as well as issuing a Press Release announcing the changes. Thus, widespread notice of these prices is being provided prior to their planned implementation date. The Postal Service also plans to provide public notice of these price changes in future issues of the *PCC Insider*, *Postal Bulletin*, and *Federal Register*.

Pursuant to Rule 3010.12(a)(4), the Postal Service identifies Mr. Steven Phelps as the official who will be available to provide responses to queries from the Commission. Mr. Phelps' contact information is as follows:

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The remainder of this Notice is structured as follows. In Part I, the Postal Service discusses its compliance with the price cap, which limits the average percentage price increase for each class of mail. In Part II, the Postal Service provides a more detailed discussion of its prices, including the "workshare discounts" associated with the new prices. It also explains how the prices are consistent with the objectives and factors of section 3622, and the preferential pricing requirements of section 3626. In Part III, the Postal Service describes the changes to the Mail Classification Schedule (MCS) related to this price change.

I. Price Cap Compliance

Section 3622(d)(1) of title 39 provides that an annual inflation-based limitation, or price cap, on the percentage change in rates for market dominant products should be equal to the change in the Consumer Price Index for All Urban Consumers (CPI-U) over the 12-month period preceding the Postal Service's notice of a market dominant price adjustment. In addition, in implementing a percentage change in rates, the Postal Service may use up to a certain percentage of unused rate adjustment authority (i.e., cap space) from past years to supplement the cap space available from the most recent CPI-U.³ Consistent with these provisions, and in compliance with Rules 3010.12(b)(1) through (4), the following section describes the applicable CPI-U price cap, the amount of unused price adjustment authority available for each class of mail, the percentage change in prices for each class of mail, and the amount of any new unused price adjustment authority generated by this price change.

A. Inflation-Based Price Adjustment Authority

Based on the most recently available data from the Bureau of Labor Statistics, the Postal Service has inflation-based price adjustment authority of 0.422 percent for First-Class Mail and Standard Mail, and 0.871 for Periodicals, Package Services, and Special Services. See Attachment C. This is based on the Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series), and conforms with Rule

³ 30 C.F.R. §§ 3010.28-.29.

3010.22 governing calculation of the annual limitation when notices of rate adjustment are less than 12 months apart.

B. Unused Price Adjustment Authority

The existing unused rate authority, by class, is provided below. For First-Class Mail and Standard Mail, the unused authority reflects an update of the price cap workpapers from Docket No. R2016-5. Because the prices proposed in the current docket are planned for implementation before almost all the promotions in Docket No. R2016-5 begin, the updated workpapers use the prices proposed in Docket No. R2017-1 to determine the promotional discounts, rather than the Docket No. R2015-4 prices used in the original Docket No. R2016-5 workpapers. This adjustment complies with the Commission directive that the Postal Service “make applicable changes to its price cap compliance calculations” in the event of an intervening price adjustment.⁴

⁴ Order No. 3373, Order on Price Adjustments for Market Dominant Products, PRC Docket No. R2016-5 (June 16, 2016), at 10-11.

Table 1
Available Unused Price Adjustment Authority,
By Mail Class

Class	Unused Authority (%)
First-Class Mail®	0.382 ⁵
Standard Mail®	0.507 ⁶
Periodicals	0.000 ⁷
Package Services	0.179 ⁸
Special Services	1.711 ⁹

C. Overall Price Adjustment Authority

Taking into account the inflation-based and available unused price adjustment authorities, the Postal Service is authorized to raise the prices for each class by the following percentages:

⁵ This figure is the same as the unused authority presented in Order No. 3373, at 11, because the impact of using Docket No. R2017-1 prices is lost in the rounding to three digits.

⁶ The price cap workpapers for Standard Mail in USPS-LR-R2017-1/2 show that the promotions approved in Docket No. R2016-5 will reduce revenue by \$61.1 million, using the proposed in Docket No. R2017-1. “CAPCALC-STD-R2017-1”, tab “Promotions”, cell M33. However, the workpapers do not capture the increase in revenue forgone from the \$51 million approved in Docket No. R2016-5 (PRC-LR-R2016-5/2, “prc-lr-r2016-5-2.xls”, tab “Promotions”, cell M33), to \$61 million in the workpapers in this filing. The Postal Service requests that the Commission incorporate this \$10 million increase in promotion revenue forgone as an additional banked amount. This would increase the banked amount from 0.507 percent to 0.566 percent. The Postal Service awaits guidance from the Commission concerning how this should be done consistent with Order No. 3373, at 10-11.

⁷ Order No. 2472, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, PRC Docket No. R2015-4 (Mar. 7, 2015), at 50.

⁸ *Id.* at 58.

⁹ Order No. 2388, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, PRC Docket No. R2015-4 (Mar. 10, 2015), at 10.

Table 2
Price Adjustment Authority By Mail Class

Class	Available Price Adjustment Authority ¹ (%)
First-Class Mail	0.804
Standard Mail	0.929
Periodicals	0.871
Package Services	1.050
Special Services	2.582

[1] Overall Price Adjustment Authority reflects the inflation-based price adjustment authority calculated in Attachment C, plus the unused price adjustment authority shown in Table 1.

D. The New Prices

The cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each market dominant class. These fixed weights are based on the most recently compiled 12 months of Postal Service billing determinants, with adjustments that are supported and reasonable. For each of the five classes (First-Class Mail, Standard Mail, Periodicals, Package Services, and Special Services), the resulting average price change must be less than or equal to the Postal Service's overall price adjustment authority in Table 2.

The new prices are in Attachment A. For each class, the Postal Service has prepared separate workpapers demonstrating how these prices comply with the price cap. These workpapers are designated as follows:

USPS-LR-R2017-1/1	First-Class Mail Workpapers
USPS-LR-R2017-1/2	Standard Mail Workpapers

USPS-LR-R2017-1/3	Periodicals Workpapers
USPS-LR-R2017-1/4	Package Services Workpapers
USPS-LR-R2017-1/5	Special Services Workpapers
USPS-LR-R2017-1/NP1	First-Class Mail International Workpapers

Each set of workpapers has a Preface that explains the contents in detail. The Preface in each of the first five workpapers provides an overview, a discussion of any necessary adjustments to the billing determinants for the four quarters ending Q3 Fiscal Year (FY) 2016, and an explanation of the revenue calculations.

E. Percentage Change by Mail Class

As demonstrated in USPS-R2016-7/1 through 5, the prices for each class comply with the price adjustment authority available to the Postal Service.¹⁰ The percentage change by class is as follows:

Table 3
2017 Price Change Percentage By Mail Class

Class	Percent Change
First-Class Mail	0.780
Standard Mail	0.895
Periodicals	0.832
Package Services	1.007
Special Services	2.536

¹⁰ This compliance is also shown by the fact that all of the percent changes in Table 3 are less than the overall price adjustment authority shown in Table 2, for each class of mail.

F. Unused Pricing Authority Resulting From this Price Change

For all five classes, this price change adds to the unused price adjustment authority resulting from prior market dominant price changes under the price cap. The Postal Service calculates the unused price adjustment authority that it will have following this price change as follows:¹¹

Table 4
Unused Pricing Authority Available Following this Price Change

Class	Percentage Points
First-Class Mail	
R2016-5 [1]	0.382
R2017-1 [2]	-0.358
Total	0.024
Standard Mail	
R2016-5 [1]	0.507
R2017-1 [2]	-0.473
Total	0.034
Periodicals	
R2015-4 [1]	0.000
R2017-1 [2]	0.039
Total	0.039
Package Services	
R2015-4 [1]	0.179
R2017-1 [2]	-0.136
Total	0.043
Special Services	
R2015-4 [1]	1.711
R2017-1 [2]	-1.665
Total	0.046

[1] Table 1. For Standard Mail, also see note 4, above.

[2] Cap Calculation worksheets (USPS-LR-R2017-1/1 through 5). The figures show the difference between the newly available inflation-based authority (0.422 percent or 0.871 percent) from Attachment C and the price change amounts in Table 3.

¹¹ To the extent that the calculated percentage change for any class is revised during the course of this proceeding from what has been calculated by the Postal Service in this Notice, the Postal Service notes that the unused price adjustment authority should be adjusted, regardless of the figures set forth in this Table.

II. Description of the Prices

In compliance with Rules 3010.12(b)(7) and (8), in this section the Postal Service discusses: (1) how its planned prices “help achieve” the objectives of section 3622(b) and “properly take into account” the factors of section 3622(c); and (2) how its planned prices are consistent with sections 3626, 3627, and 3629. In addition, the Postal Service discusses the workshare discounts included within the planned prices, as required by Rules 3010.12(b)(5) and (6).

A. Market Dominant Price Adjustments By Class

1. Objectives and Factors Considered

The objectives listed in section 3622(b)¹² underlie Congress’ mandate that there be a new, “modern system for regulating rates and classes for market dominant products,” to replace the prior ratemaking system of the Postal Reorganization Act (PRA). 39 U.S.C. 3622(a). These principles are largely addressed by the design of the regulatory system itself, rather than through the particulars of any one pricing change made pursuant to that system.

In this Notice, the Postal Service indicates its intention to increase its prices by the percentages specified in Table 3. Any price change made pursuant to the price cap structure set forth by section 3622(d) “helps achieve” many of these objectives, e.g., Objective 1 (“maximize incentives to reduce costs and increase efficiency”), Objective 2 (“create predictability and stability in rates”), and Objective 8 (“establish and maintain a just and reasonable schedule for rates and classifications”).

¹² For ease of reference, each objective is henceforth referred to according to its placement in section 3622(b). For example, section 3622(b)(1) is referred to as Objective 1. A similar convention is used with respect to the “factors” of section 3622(c) below.

Objective 1 states that the new regulatory system should “maximize incentives to reduce costs and increase efficiency.” Objective 2 requires that the regulatory system create “predictability and stability” in prices. These objectives are fulfilled by the Postal Service’s provision of advance notice of increases to prices on a predictable basis and consistent with inflation.

The objective that the pricing process be transparent (Objective 6) is fundamental to the regulatory environment, and is achieved through the entirety of the regulatory filings made by the Postal Service throughout a year. In this Notice, the Postal Service demonstrates how its planned price adjustments comply with the price cap limitation, the workshare standards of section 3622(e), and the requirements of section 3626. This clearly meets the objective that the pricing process be transparent. Furthermore, the FY 2015 Annual Compliance Report (ACR), filed December 29, 2015, furnishes to the public considerable data concerning market dominant products’ costs, revenues, and service quality.

In addition to the objectives discussed above, section 3622(c) enumerates fourteen factors, or considerations, that must be taken into account. Below, the Postal Service discusses its specific price adjustments by class, including how they comply with the policy considerations set forth in section 3622.¹³ When considering these price changes, it is important to consider the long term, rather than simply focusing on this year’s prices in isolation.

¹³ Workshare discounts, which implicate Factor 5 and Factor 12, are discussed extensively in Section (II)(C) of this Notice.

2. Changes Affecting Multiple Classes

a. Flats Sequencing System Pricing

The Flats Sequencing System (FSS) is designed to increase the efficiency of flats processing operations by sorting flats volume directly to the letter carrier in walk sequence. Because FSS equipment runs most efficiently when it is processing high volumes, the deployment of FSS machines has been concentrated in certain locations, or “FSS zones,” that receive high flats volume. In addition, FSS machines are programmed to process a particular “scheme” of multiple carrier routes at one time. For this reason, mail destined for FSS zones is most efficiently prepared in bundles containing multiple carrier routes (scheme bundles), as there is no processing benefit to having mail separated by carrier route. FSS Scheme pallets (sets of FSS Scheme bundles on pallets weighing 250 pounds or more) are particularly efficient, as they can go directly to the FSS for processing, bypassing the bundle sortation operations that would otherwise be required.

To facilitate the implementation and efficient use of its FSS equipment, the Postal Service established certain preparation standards for mailers in FSS zones. FSS preparation was optional until January of 2014, when it became mandatory for Standard Mail and Periodicals in FSS zones (while remaining optional for Bound Printed Matter Flats). At that time, mailers paid the same price for their FSS and non-FSS mailings.¹⁴ For example, if a mailing qualified for Carrier Route piece rates in a non-FSS zone, then the same mailing would pay the same Carrier Route rates if it was destined for an FSS zone. This pricing philosophy reflected the notion that mailers should pay rates based

¹⁴ There were limited discounts for pieces or pallets prepared in scheme bundles on a destination FSS scheme pallet.

on the sortation and dropship work that they perform, not based on the specific equipment on which their mail is processed.

On May 31, 2015, the Postal Service introduced FSS price categories for flat-shaped Bound Printed Matter (BPM), Standard Mail, and Periodicals pieces destined for FSS zones.¹⁵ These FSS price categories were introduced to provide pricing signals that better reflected the mail processing costs of FSS preparation. For Standard Mail and Periodicals, the new FSS rates were a blend (i.e., a weighted average) of Carrier Route prices and presort 5-Digit/3-Digit prices, using the actual FSS volumes mailed in each price category. For BPM Flats, the new FSS rate was a discount off of the Basic Presort price.

However, since the FSS prices in Standard Mail and Periodicals were developed by blending Carrier Route and 5-Digit/3-Digit prices, many mailers who previously paid Carrier Route rates for their FSS volume experienced an above average price increase after the new rates were introduced in May of 2015. Since then, FSS volume has declined faster than the volume in other categories of flat-shaped mail. By way of example, feedback from catalog mailers indicates that, as part of these mailers' cost mitigation strategies, they have significantly curtailed the number of pieces sent to potential new customers (prospecting pieces) in FSS zones. Additional feedback indicates that other flats mailers may be engaging in similar cost mitigation strategies to avoid sending certain pieces in FSS zones.

¹⁵ See Docket No. R2015-4, Order No. 2472: Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, at 62 (May 7, 2015).

To address this unintended change in mailer behavior, the Postal Service is proposing that FSS price categories in Standard Mail, Periodicals, and Bound Printed Matter be removed, and that Flats prices be returned to the structure that existed prior to Docket No. R2015-4.¹⁶ Thus, with limited exceptions, mailers sending Flat-shaped pieces will again pay the same rate for their mailings, regardless of whether they destined for FSS-zones or non FSS-zones. As before, if a mailing qualifies for a Carrier Route price, the mailer will receive that price regardless of the equipment the Postal Service ultimately uses to process that mailing. Despite the removal of FSS price categories, all FSS preparation requirements (bundle, container, and markings) outlined in the Domestic Mail Manual (DMM) will remain unchanged. The Postal Service believes that the proposed rate structure, in combination with existing preparation requirements, will correct the adverse impacts on catalog volumes while also permitting the Postal Service to leverage the benefits of processing flats on FSS equipment (Objective 8, and Factors 6 and 7). The resulting flats price structure for each affected category of mail is discussed in more detail below.

b. Other Changes Affecting Multiple Mail Classes

The Postal Service equalized prices for First-Class Mail Automated Area Distribution Center (AADC) and 3-Digit Presorted Automation Letters in 2012 (Docket No. R2012-3), and extended this pricing approach to First-Class Mail Presorted Automation Postcards and Standard Mail Automation Letters in 2013 (Docket No. R2013-1). To simplify the price schedule, the Postal Service is merging the AADC and

¹⁶ Even the discounts that existed before Docket No. R2015-4, related to FSS scheme bundles on destination FSS pallets, are being removed.

3-Digit presort categories for First-Class Mail Automation Letters and Postcards, and Standard Mail Automation Letters, to one rate cell applicable to volume for both presort levels. The resulting category will be designated “AADC,” and will consist of combined volumes for the current AADC and 3-Digit categories. The Postal Service is using the existing AADC labeling lists for the new AADC category, so no volume will be required to shift to the Mixed AADC presort category as a result of this change (Objective 8 and Factor 6).

The Postal Service is also increasing the weight maximum for First-Class Mail Nonautomation Presorted Machinable Letters and Standard Mail Machinable Letters from 3.3 ounces to 3.5 ounces. This change will make the rate structure for these categories consistent with other machinable rate categories (Objective 8 and Factor 6).

3. First-Class Mail

Overview:

First-Class Mail has six products: Single-Piece Letters/Postcards, Presorted Letters/Postcards, Flats, Parcels, Outbound Single-Piece First-Class Mail International, and Inbound Letter Post. The prices for these products change as follows:

Table 5
First-Class Mail Product Price Change

Product	Percent Change
Single-Piece Letters/Postcards	2.028
Presort Letters/Postcards	-0.250
Flats	1.886
Parcels	0.624
Outbound Single-Piece First-Class Mail International	0.00
Inbound Letter Post	4.644
Total First-Class Mail	0.780

Single-Piece Machinable Stamped Letters (Stamped Letters):

The Postal Service is restoring the price for a one-ounce single-piece Stamped Letter to the exigent rate of 49 cents, which was in effect from January 2014 to April 2016. The Postal Service believes that this increase will not unduly curtail mail usage or cause significant hardship for the mailing public. In this regard, we note that the stamp price was 49 cents during the more than 27 months in which the exigent surcharge applied (Factor 3). While many mailers might prefer a smaller or no increase, the Postal Service believes that any negative impacts from this increase are far outweighed by the substantial revenue benefits from the change, in light of the Postal Service's current financial condition (Objective 5). Furthermore, the Postal Service believes that the rate relationships resulting from the increase are just and reasonable within First-Class Mail (Objective 8).

The proposed two-cent increase is the first rate adjustment for one-ounce Stamped Letters since January 2014. The Postal Service did not adjust the stamp price in the last general rate adjustment (Docket No. R2015-4). The 49-cent stamp price is also consistent with the rate of inflation for the 10-year period during which market dominant prices have been subject to the CPI price cap under the Postal Accountability and Enhancement Act of 2006¹⁷ (PAEA). From December 2006, the month from which the Postal Service calculated the annual limitation in its first general rate adjustment under the PAEA (Docket No. R2008-1), to August 2016,¹⁸ the price of a one-ounce stamp will have increased from 41 cents¹⁹ to 49 cents. That amounts to an overall price increase of 19.5 percent. Meanwhile, inflation between December 2006 and August 2016 has increased by 18.3 percent, nearly the same amount. When this rate of inflation is applied to 41 cents, the result rounds to 49 cents.

Single-Piece Machinable Metered Letters (Metered Letters):

The Postal Service is reducing the postage price for one-ounce Metered Letters from 46.5 cents to 46 cents. The Postal Service first set the rate for Metered Letters at a different level than Stamped Letters in 2014, to differentiate between distinct customer segments within single-piece First-Class Mail letters.²⁰ Among other benefits, this has allowed the Postal Service to establish a more accurate benchmark for calculating costs avoided by presort First-Class Mail.

¹⁷ Pub. L. No. 109-435.

¹⁸ August, 2016 is the most recent month for which the CPI figure is available. Thus, this estimate excludes inflation from September 2016 to January 2017, when the 49-cent price will be implemented.

¹⁹ The 41-cent rate was reviewed by the Commission in Docket No. R2006-1, the last rate adjustment case subject to the former pricing regime under the Postal Reorganization Act of 1970.

²⁰ United States Postal Service Notice of Market-Dominant Price Adjustment, PRC Docket No. R2013-10 (Sept. 26, 2013), at 18-20.

In addition, the Metered Letters rate was intended to encourage small- and medium-sized businesses to convert from stamps to meters. Mailers that use meters instead of stamps enjoy more efficient access to the postal system, and are accordingly more likely to maintain or increase their First-Class Mail use (Objectives 4 and 5, and Factor 7). The Metered Letters rate may also have a positive impact on mail volumes beyond First-Class Mail. Mailers may use meter indicia for various mail products, such as Priority Mail Express, Parcel Select Ground, First-Class Package Service, Media Mail, Library Mail, and some Standard Mail. Finally, using meters in lieu of stamps avoids Postal Service costs associated with stamp production, distribution, and cancellation (Objective 1 and Factor 12).

The 46-cent rate increases the price differential between Stamped and Metered Letters to three cents. This increased differential is only about six percent of the stamp price. Through this change, the Postal Service seeks to increase the Metered Rate's potential benefits for both mail users and the Postal Service. This strategy is consistent with that of foreign posts such as Canada Post, which provides a meter rate discount of between 5.9 and 20 percent for single-piece domestic letters and cards weighing just over one ounce.²¹

Alternate Postage Simplification:

Alternate Postage allows businesses and organizations to distribute single-piece First-Class Mail letters and cards to their customers or members, who may, in turn, mail

²¹ For domestic letters and cards weighing up to 30 grams (1.06 ounces), Canada Post charges \$1.00 for single stamps; \$0.85 for stamps in booklets, coils, or panes; and \$0.80 for meter indicia. Canada Post, *available at* <https://www.canadapost.ca/web/en/pages/lettersdocs/default.page#canada> (last visited Oct. 12, 2016).

those letters or cards to family and friends without needing to affix a stamp. The Postal Service is simplifying its Alternate Postage offering in several ways. These changes include: (1) changing the product name to Share Mail; (2) removing the option to prefund a portion of the total postage at the time customers produce or distribute Alternate Postage mailpieces; (3) revising the current rate structure to consist of only one price tier; and (4) eliminating the option to use Picture Permit Imprint Indicia.

These changes will better tailor the product to customer needs. The Picture Permit change will streamline the customer onboarding process, and reflect the lack of demand: no customer has elected to use Picture Permit Imprint Indicia on their Alternate Postage mailpieces since the Postal Service introduced Alternate Postage as a permanent product in 2014.

In addition, while the Postal Service introduced Alternate Postage as a simple, easy-to-use product,²² the multi-tiered pricing structure is complex. That structure currently consists of three price options, each based on the customer's selected prefunding level: 0 to below 21 percent; 21 percent to 50 percent; and over 50 percent. This structure, and the respective benefits of each prefunding level, has been difficult to explain to potential customers. Thus, the Postal Service is eliminating the prefunding options in 2017. Customers of the newly named Share Mail product will pay one price for letters, and one price for cards, each at the rate that currently applies to the zero prefunding level. Customers will pay the full Share Mail price when the Postal Service scans the mailpiece IMb during normal mail processing. Customers that distributed Alternate Postage mailpieces before January 22, 2017 will continue to pay postage

²² United States Postal Service Notice of Market Dominant Classification and Price Change for the Alternate Postage Payment Method, PRC Docket No. R2014-1 (Nov. 5, 2013), at 2-4.

according to the prefunding level indicated in their Alternate Postage marketing agreements.

Presorted Letters/Postcards:

The prices in Presort Letters/Postcards reflect the costs that the Postal Service avoids when customers presort or otherwise prepare their mail for automation processing (Factor 5). Prices for the Presort Letters/Postcards product are decreasing slightly, by 0.250 percent. The overall decrease is exclusively due to the reduction in the price of 5-Digit Automation Letters. The unit price for each of the remaining presort categories increases by \$0.004. The price changes for Mixed AADC, AADC,²³ and 5-Digit Automation Letters are 1.0 percent, 1.0 percent, and -0.8 percent, respectively.

Table 6
First-Class Mail First-Ounce Prices

	Current	New	Change	Percent Change
Stamped Single-Piece	\$0.47	\$0.49	\$0.02	4.3
Metered Single-Piece	\$0.465	\$0.46	-\$0.005	-1.1
MAADC Automation	\$0.419	\$0.423	\$0.004	1.0
AADC Automation	\$0.399	\$0.403	\$0.004	1.0
5-Digit Automation	\$0.376	\$0.373	-\$0.003	-0.8

The Postal Service is decreasing the price for 5-Digit Automation Letters by 3 tenths of a cent, or 0.8 percent. This price change will improve the price signals the Postal Service sends to mailers by increasing the passthrough for this presort category from approximately 69 percent to 83 percent.

Due in part to increases in avoided costs, the 5-Digit passthrough has fallen farther below 100 percent in each of the last four fiscal years.

²³ In the instant docket the Postal Service is merging AADC and 3-Digit presort categories for First-Class Mail Automation Letters/Cards and Standard Mail Automation Letters. This change is discussed above.

Table 7
Passthroughs for First-Class Mail 5-Digit Presorted Automation Letters

	FY2011	FY2012	FY2013	FY2014	FY2015
Passthrough	100.0%	96.0%	82.8%	80.6%	69.4%
Discount	\$0.025	\$0.024	\$0.024	\$0.025	\$0.025
Cost Avoidance	\$0.025	\$0.025	\$0.029	\$0.031	\$0.036

Source: PRC Annual Compliance Determination Reports

In the last rate case, the Postal Service did not decrease the 5-Digit price, despite a corresponding increase in avoided costs since the previous rate adjustment.²⁴ At the time of that proceeding, the passthrough had fallen to just over 74 percent.²⁵ In response, the Commission encouraged the Postal Service to bring the discount in line with avoided costs:

The Commission concludes that the First-Class Mail planned price adjustments are consistent with the worksharing requirements of title 39, which impose a ceiling but not a floor on passthroughs. See 39 U.S.C. § 3622(e)(2). The Commission notes that passthroughs below 100 percent may send inefficient price signals to mailers and therefore encourages the Postal Service to adjust discounts to bring passthroughs closer to 100 percent.²⁶

Since then, due to removal of the exigent surcharge, the passthrough at current rates has dropped further, to just under 64 percent. Accordingly, the Postal Service is increasing the discount for 5-Digit Automation Letters, bringing the passthrough closer

²⁴ Compare PRC, Compliance Calculations for First-Class Mail (redacted), Excel file "CAPCALC-FCM-R2015-4 PRC.xls," tab "Cost Avoidances," PRC-LR-R2015-4/1, PRC Docket No. R2015-4 (Feb. 24, 2015), with PRC, Compliance Calculations for First-Class Mail, Excel file "CAO-CALC-FCM-R2013-10.xls," tab "Passthrus FCM Bulk Ltrs, Cards," PRC-LR-R2013-10/1, PRC Docket No. R2013-10 (Nov. 21, 2013).

²⁵ Postal Regulatory Commission, Compliance Calculations for First-Class Mail (redacted), Excel file "CAPCALC-FCM-R2015-4 PRC.xls," tab "Passthrus FCM Bulk Ltrs, Cards," PRC-LR-R2015-4/1 (Feb. 24, 2015).

²⁶ Order No. 2365, Order on Price Adjustments for First-Class Mail Products and Related Mail Classification Changes, PRC Docket No. R2015-4 (Feb. 24, 2015), at 9.

to what it has been in prior years, and ultimately sending more efficient price signals to mailers (Objective 1 and Factor 5).

Extending “Second Ounce Free” to Presort Letters Weighing up to 3.5 ounces:

Currently, the Postal Service charges one price, within each rate category, for First-Class Mail Presorted Letters weighing up to two ounces. This pricing strategy, commonly referred to as “Second Ounce Free,” adds value to commercial First-Class Mail by allowing mailers to include additional pages (e.g., promotional material) in their mailpieces without paying additional-ounce prices. In this filing, the Postal Service is extending the up-to-two-ounce price in each First-Class Mail presort letters rate category to include the maximum weight of 3.5 ounces. This change extends to Single-Piece Residual Machinable Letters. Mailers who choose to separate out their residual mailpieces by ounce increments will be required to pay the single-piece metered price and the applicable additional ounce prices.

Data suggest that the “Second Ounce Free” initiative has been effective at keeping bills and statements in the mail. Since implementation, the volume trend for First-Class Mail presort letters weighing up to two ounces has improved. In FY 2015, the Postal Service lost no volume over the previous fiscal year in this mail category for the first time since FY 2008. The expansion of this strategy to letters weighing up to 3.5 ounces is expected to further mitigate the diversion of mail to electronic channels.

Flats:

The overall increase for First-Class Mail Flats is 1.886 percent, due mainly to the increase in price for single-piece flats from 94 cents to 98 cents. This price change will

keep the per piece price differential between single-piece letters and flats equal to the price for a one-ounce single-piece stamped letter, thereby maintaining the simplicity of the price structure (Factor 6). The Postal Service also is increasing the price for 5-Digit Automation Flats from 43.8 cents to 44.6 cents, which brings the passthrough more in line with avoided costs.

Parcels:

The Postal Service is proposing an overall price increase for First-Class Mail Parcels of 0.624 percent. Parcels weighing from zero to four ounces will pay a uniform price of \$2.67, which amounts to an increase of approximately 1.9 percent. Slightly more than 50 percent of Retail Parcels weigh between zero and four ounces. The change is expected to improve the profitability of this product, which has the lowest cost coverage of all First-Class Mail domestic products. This increase is offset by a decrease in the additional-ounce price from 19 cents to 18 cents.

Setting a uniform price for First-Class Mail Parcels up to four ounces also resolves the pricing anomaly created when the Postal Service increased the one-, two-, and three-ounce rate cells in the First-Class Mail “Retail” and “Keys and Identification Devices” price categories in Docket No. 2016-5. Prior to that increase, the price differential between each additional ounce above three ounces was 19 cents. Increasing the rates for only the one-, two-, and three-ounce rate cells, however, caused the difference between the three- and four-ounce increments to change from 19 cents to 2 cents. The proposed rate structure establishes a consistent differential of 18 cents for each additional ounce above four ounces.

First-Class Mail International:

There is no change in prices for Outbound Single-Piece First-Class Mail International. For Outbound Single-Piece First-Class Mail International in combination with Inbound Letter Post, the increase is 2.765 percent, which is the result of an Inbound Letter Post price increase of 4.644 percent.

Adjustments to the Billing Determinants:

The following adjustments have been made to the fiscal year billing determinants of First-Class Mail:

1. The Postal Service is establishing one price for Presorted Letters weighing up to 3.5 ounces. Because the residual single-piece letters are residuals from presort mailings, the Postal Service is also establishing one price for Single-Piece Residual Machinable Letters weighing up to 3.5 ounces. Volumes for residual letters weighing over two ounces (heavy residual pieces) were derived from the mailing statements, and are reported separately for purposes of showing the current price (first ounce and additional ounces combined) and the proposed uniform price. The volumes are subtracted from the metered mail category, and the associated additional ounces are subtracted from single-piece additional ounces category.
2. DVD volumes are reported separately for this filing, as they were in the past filings.
3. Presorted AADC and 3-Digit Automation Letters were combined into one AADC price cell. The Postal Service is using the existing AADC labeling lists, so no

volume will be required to move from these two cells to any of the higher price cells.

4. Retail Parcels are reported to reflect the extension of the uniform price to include the maximum weight of 4 ounces. Accordingly, the additional ounces start with the fifth ounce.

4. Standard Mail

Overview:

Standard Mail consists of seven products: Letters; Flats; Parcels; High Density and Saturation Letters; High Density and Saturation Flats and Parcels; Carrier Route; and Every Door Direct Mail - Retail. Within this class, the prices of Standard Mail products change as follows:

Table 8
Standard Mail Product Price Changes

Product	Percent Change
Letters	2.037
Flats	2.493
Parcels	1.583
High Density / Saturation Letters	2.295
High Density / Saturation Flats and Parcels	-2.025
Carrier Route	-3.090
Every Door Direct Mail – Retail	0.568
Overall	0.895

Significant price/classification proposals are discussed in more detail below.

FSS Pricing for Flats:

As discussed in Section (II)(A)(2)(a) above, FSS-specific rates for flat-shaped pieces will be eliminated, particularly those rates related to DFSS entry, FSS Scheme

Pallet/Container, and FSS Other Pallet/Container.²⁷ The volume occupying these cells will, moving forward, pay the appropriate 3-Digit, 5-Digit, Carrier Route, and High Density prices.

For the purpose of calculating the price cap impact of this change, it was necessary to show the migration of FSS volumes to the new rate cells. This migration was accomplished by first obtaining the historical distribution of FSS volumes across the rate categories that existed prior to May of 2015. This distribution was obtained by using the most recent four fiscal quarters under the pre R2015-4 rate structure. The distributions derived from this data were then applied to the FSS Volumes for the hybrid year beginning in the fourth quarter of FY 2015 and ending with the third quarter of FY 2016. A more detailed discussion of these billing determinant adjustments is included in the preface to the Standard Mail workpapers.

3.3 to 4.0 Ounce Weight Break for Flats:

The maximum weight of Standard Mail flats that pay piece rates only will increase from 3.3 ounces to 4.0 ounces.²⁸ The purpose of this change is to add value to the mail by allowing senders of automation, nonautomation, and Carrier Route flats to improve the quality of their mailpieces (e.g., by adding more material to the mailpiece or by increasing the weight of the paper used) without incurring additional pound charges. In addition, this change will simplify the rate structure for mailers who are already mailing items weighing more than 3.3 ounces. Thus, this change continues the Postal

²⁷ FSS preparation will still be required for mail destinating in zones processed using FSS equipment. Preparation will continue to be determined using the appropriate labeling list(s) and the preparation guidelines set forth in the DMM.

²⁸ Correspondingly, the weight break change will also apply to those categories of Standard Mail letters that pay Standard Mail flats prices, specifically, nonautomation and nonmachinable letters.

Service's long term strategy of simplifying the Standard Mail rate structure and adding value to the mailstream (Objective 8, and Factors 1, 6, and 7).

Standard Mail Name Change to USPS Marketing Mail:

Effective January 22, 2017, the name of Standard Mail will change to "USPS Marketing Mail." The 2015 Household Diary Study shows that customers use Standard Mail to send advertisements (84.1% of Standard Mail volumes), funding requests (0.6%), political materials (1.5%), and newsletters/information (12.8%). While the content may differ, each of these uses "markets" a product, service, or the benefit of an event or an organization. Accordingly, this name change will aid our customers in understanding what Standard Mail is and how it can be used as part of their respective marketing strategies (Factor 6).

Standard Mail Flats:

Pursuant to the Commission's order from the Annual Compliance Determination (ACD) Report for FY 2010, the Postal Service must, in each annual market dominant price adjustment, provide: (1) an explanation of how the proposed prices for Standard Mail Flats will move the cost coverage for Standard Mail Flats towards 100 percent; (2) a statement estimating the effect that the proposed prices will have in reducing the subsidy of the Standard Mail Flats product; and (3) all underlying workpapers and data used to respond to parts a and b.²⁹ The responses below comply with this directive.

First, in a year when the average price increase for Standard Mail is 0.895 percent, the Postal Service is increasing the price of Standard Mail Flats by 2.493

²⁹ Docket No. ACR2010, Annual Compliance Determination Report: Fiscal Year 2010, at 107 (March 29, 2011).

percent.³⁰ Assuming that the average cost per piece does not drastically change, the Postal Service believes that this year's above average price change for Flats will improve cost coverage by allowing revenue per piece to rise faster than cost per piece. Second, since the proposed price increase for Flats is larger than the proposed price increase for Standard Mail Letters (2.493 percent vs. 2.037 percent), the Postal Service believes that the cross-subsidy between these two products will be reduced. The above percentages are readily available from this notice and from file "CAPCALC-STD-R2017-1" in library reference USPS-LR-R2017-1/2.

Standard Mail Parcels:

In this price adjustment, Parcels receive an above average price increase of 1.583 percent. The cost coverage for Parcels in FY 2015 was 72.8 percent. This price adjustment continues the Postal Service's previously announced plan to move this product toward full cost coverage (Objective 5 and Factor 2).

High Density/Saturation Flats and Parcels:

In this price adjustment, High Density/Saturation Flats and Parcels receive a 2.025 percent price decrease. The reason for this price decrease is because approximately 480 million Flats pieces weighing between 3.3 and 4.0 ounces that were paying higher pound-rated prices will now be paying lower piece rated prices. This

³⁰ Standard Mail Flats prices are increasing by 268 percent of available pricing authority, which far exceeds what is called for in the price change schedule proposed by the Postal Service in its Annual Compliance Report for FY 2012. See, Docket No. ACR2012, United States Postal Service FY 2012 Annual Compliance Report, at 19 (December 28, 2012). In that price change schedule the Postal Service proposed to increase Standard Mail Flats prices by CPI*1.05 in the 2014, 2015, and 2016 annual market dominant price adjustments. *Id.* The Commission approved this schedule of above average price increases in the ACD for FY 2012. See, Docket No. ACR2012, Annual Compliance Determination Report: Fiscal Year 2012, at 24 (March 28, 2013).

volume shift placed significant downward pressure on these price categories, resulting in an overall price decrease. Had the Postal Service increased piece prices enough to cause an overall price increase for High Density/Saturation Flats and Parcels, this would have defeated the purpose of increasing the maximum weight of piece-rated flats, which is to simplify the rate structure and grow mail volume.

Carrier Route:

In this price adjustment, Carrier Route receives a 3.090 percent price decrease. The reasons for this price decrease are: (1) the movement of approximately 1.9 billion higher-priced flats from FSS-specific rate cells (which are being eliminated) to lower priced Carrier Route rate cells; and (2) the movement of approximately 1.2 billion pound-rated pieces weighing between 3.3 and 4.0 ounces to lower piece-rated prices. These two structural changes exerted an enormous amount of downward pressure on the overall price change for Carrier Route.

Adjustments to the Billing Determinants:

The following adjustments have been made to the billing determinants for Standard Mail:

1. FSS rate cells were eliminated. Volume was shifted to the appropriate 3-Digit, 5-Digit, and Carrier Route cells;
2. The 3-Digit and AADC presort categories were merged for letters. The volume from each of these presort levels was shifted into the new merged category; and

3. The weight limit for flats piece pricing was changed from 3.3 to 4.0 ounces.

Volumes that were previously charged piece and pound rates – e.g., pieces weighing greater than 3.3 ounces and less than or equal to 4.0 ounces – were included in the expanded piece-rated category.

5. Periodicals

Overview:

The Periodicals class includes magazines and newspapers, and consists of two products: Within County Periodicals, and Outside County Periodicals. The prices for these products change as follows:

Table 9
Periodicals Price Changes

Product	Percent Change
Outside County	0.826
Within County	0.965
Overall	0.832

The Periodicals class has been challenged in terms of cost coverage. It did not cover its attributable costs in FY2015 (Factor 2, Objective 8). Despite its continued failure to cover its costs, the Postal Service is cognizant of Periodicals' value to the public (Factor 8, Factor 11). In this price change the Postal Service has taken some meaningful measures to provide efficient pricing signals to the mailers, including changing certain price cells to encourage flats mailers to create more Carrier Route bundles on Carrier Route pallets. By providing an incentive for mailers to induct this type of mail, especially in non-FSS zones, the Postal Service can avoid bundle processing, thus freeing up equipment time to process parcels. However, the Postal

Service recognizes that many additional changes may be required, over the course of future price changes, to bring about a meaningful change in the cost coverage of the Periodicals Class.

Bundle and Pallet Pricing:

In the instant docket, the Postal Service is maintaining its pricing strategy of setting the prices for bundles and pallets based on the estimated bottom up costs. In this price change the Postal Service is moving the following prices closer to their estimated bottom up costs: ADC bundles in ADC containers, 3-Digit bundles in 3-Digit containers, 5-Digit bundles in 3-Digit containers, 5-Digit bundles in 5-Digit containers, Carrier Route bundles in 5-Digit and Carrier Route containers, all presort sacks at origin entry, and Mixed ADC Pallets at origin. Additionally, as mentioned above, in order to provide an incentive for mailers to enter more Carrier Route bundles on Carrier Route pallets, the price for carrier bundles on both 5-Digit and Carrier Route containers has been reduced.

FSS Pricing:

As discussed in Section (II)(A)(2)(a) above, the Postal Service is proposing to eliminate all FSS price categories for flat-shaped pieces. Unlike the current Periodicals rate structure, FSS rates will no longer exist for pounds, pieces, bundles, sacks, or pallets. Instead, going forward, with limited exceptions, all Periodicals pieces will pay the same pound, piece, bundle, sack, and pallet prices regardless of whether they are

destined for FSS zones or not.³¹ In migrating volume from the existing Regular Rate, Nonprofit, and Classroom FSS price cells to the proposed price cells, the Postal Service relies on historical Mail Characteristics Study data from Quarter 3, FY2014 to Quarter 2, FY2015. This was the most recent time period during which FSS preparation was required, but where no FSS-specific rates were charged. These data tell the Postal Service what proportion of the pieces in FSS bundles were Carrier Route, 5-Digit, or 3-Digit. The distribution of existing FSS volumes to the new rate cells is discussed in more detail in the preface to the Periodicals workpapers and in the workpapers themselves.

Adjustments to Billing Determinants:

The following adjustments have been made to the billing determinants for Periodicals:

1. The weights at DFSS entry under Advertisement Pounds, Editorial Pounds, and Science of Agriculture Pounds moved to the DSCF entry under the respective categories.
2. The FSS barcoded and nonbarcoded pieces are distributed to Carrier Route, 5 Digit and 3 Digit Volume based on the Mail Characteristic Study data (tab FSS MCS Distribution in the Periodicals workpapers).
3. The volume of FSS bundles under Mixed ADC, ADC, and 3 digit container levels are moved to 3 digit bundles. FSS Scheme bundles under FSS Facility are moved to 3 digit bundles under 3 digit container, and FSS

³¹ The proposed FSS price changes do not represent a change to the way mail is prepared, just to the way that Periodicals pieces destinating in FSS zones are priced. Preparation will continue to be determined using the appropriate labeling list(s) and the preparation guidelines in the DMM.

scheme bundles under FSS scheme container are moved to Carrier Route bundles under CR/5 digit containers. These movements are based on the similar mail processing received for the former and the new categories.

4. FSS Facility Sacks and FSS Scheme Sacks under all entry levels are moved to 3 digit sacks under the corresponding entry level. Since there is no DFSS entry in 3 digit sacks they are moved to DSCF entry under 3 digit sacks.
5. The FSS Facility Pallets and FSS Scheme Pallets under all entry levels are moved to 3 digit Pallets under the corresponding entry levels. Since there is no DFSS entry for 3 digit Pallets, they are moved to DSCF entry levels under 3 digit Pallets.

6. Package Services

The Package Services class consists of four products: Alaska Bypass Service, Bound Printed Matter (BPM) Flats, Bound Printed Matter Parcels, and Media Mail/Library Mail.³² The prices for these products increase as follows:

Table 10
Package Services Price Changes

Product	Percent Change
Alaska Bypass Service	1.100
BPM Flats	0.832
BPM Parcels	1.005
Media Mail and Library Mail	1.135
Overall	1.007

³² Though Inbound Surface Parcel Post (At UPU Rates) was formerly part of the Package Services class, the Commission approved the transfer of this product to the competitive product list in Order No. 2160. See Order No. 2160: Order Approving Product List Transfer, PRC Docket No. MC2014-28 (Aug. 19, 2014), at 8.

Bound Printed Matter Flats:

BPM Flats prices are being increased by 0.832 percent overall. As discussed in Section (II)(A)(2)(a) above, in 2017 the Postal Service is proposing to eliminate all FSS price categories for flat-shaped pieces. Unlike the current BPM Flats rate structure, FSS rates will no longer exist for flats at the originating entry, DNDC entry, DSCF entry, and DFSS entry levels. Moving forward, the volume occupying these cells will pay the appropriate Carrier Route or Basic Presort prices.³³ To migrate the volumes from the existing rate cells to the proposed rate cells, the Postal Service used the historical distributions of BPM FSS pieces across the Presort and Carrier Route categories by entry discount using RPW data.

The Postal Service was able to obtain these historic distributions using RPW data covering Quarter 4 of FY 2014, Quarter 1 of FY 2015, and Quarter 2 of FY 2015. The Postal Service believes that this time period is appropriate for obtaining the historic distribution of FSS pieces, because it represents the most recent full quarters when all BPM Flats pieces paid the same Presort and Carrier Route prices, regardless of whether they were processed on FSS equipment. Quarter 3 of FY2015 could not be used to obtain the historic distribution of BPM FSS pieces, as in this quarter the FSS rate structure was changed, pursuant to PRC Order No. 2472, issued on May 7, 2015. Additional details concerning the methodology used to distribute FSS volumes to the proposed rate cells are set forth in the preface of the Package Services workpapers.

³³ The proposed FSS price changes do not represent a change to the way mail is prepared, just to the way that BPM Flats pieces destinating in FSS zones are priced. Preparation will continue to be determined using the appropriate labeling list(s) and the preparation guidelines in the DMM.

BPM Parcels:

BPM Parcels prices are being increased by 1.005 percent overall. BPM Parcels is the second largest product by volume (after BPM Flats) in the Package Services Class. This increase, which is larger than the price increase given to BPM Flats, is designed to maintain and potentially improve BPM Parcels' cost coverage (Factor 2).

Media/Library Mail:

Media/Library Mail will receive a price adjustment of 1.135 percent. The above average price increase is intended to improve this product's cost coverage (Factor 2). Even after these increases, Media Mail and Library Mail pieces will still be priced below other ground parcel products, largely to recognize their educational, cultural, scientific, and informational value (Factor 11).

Billing Determinants Adjustments:

The following adjustment has been made to the hybrid year billing determinants of Package Services: all FSS Carrier Route and Basic Presort flats volume has been merged into the Carrier Route and Basic Presort price cells.

7. Special Services

Overview:

The Special Services class currently contains the following products: Ancillary Services, International Ancillary Services, Address Management Services, Caller Service, Credit Card Authentication, International Business Reply Mail Service, Money Orders, Post Office Box Service, Customized Postage, and Stamp Fulfillment Services. The overall increase for the Special Services class is 2.536 percent. Thirteen services

are getting a larger than average price increase, three services are having their prices reduced to zero, and the remaining services are receiving increases ranging between zero percent and the overall percentage increase of 2.536 percent. More detail on Special Services price changes, along with descriptions of the billing determinant adjustments, is included in USPS-LR-R2017-1/5.

Ancillary Services:

Permit Fees:

Most permit fees are increasing 4.7 percent. However, the Postal Service is proposing to streamline its permit requirements and fees to remove barriers to using the Postal Service. The Postal Service began this streamlining in the last general rate case, Docket No. R2015-4, by creating a unified permit for all parcel returns, and by waiving its fee and the related account maintenance fee for mailers who use the Postal Service to mail outbound parcels using a separate permit.

The next step is to eliminate the permit fees for mailing parcels, and receiving parcel returns. The Postal Service is focusing on parcel mailers because they have more competitive options, and those options (e.g., UPS, FedEx) do not generally charge annual mailing fees. The affected products include Parcel Select (including Parcel Select Lightweight), Bound Printed Matter Parcels, Media Mail, Library Mail, Business Reply Mail (parcels), Merchandise Return Service, and Parcel Return Service. For similar reasons, the one-time Permit Imprint Application fee also is proposed to be eliminated for Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select (including Parcel Select Lightweight), Bound Printed Matter Parcels, Media Mail,

and Library Mail. Permit fees would continue for letters and flats, except for Qualified Business Reply Mail (QBRM), as discussed below.

Account Maintenance Fees:

Account Maintenance fees are increasing by 2.2 percent. However, the Postal Service will be eliminating the fees for Merchandise Return Service and Parcel Return Service, as part of the streamlining for parcel customers.

Business Reply Mail:

The overall price increase for Business Reply Mail (BRM) is 1.5 percent, reflecting the value of the service provided (Factor 1), and the Postal Service's proposal to streamline the service for BRM parcels, by eliminating the annual permit fee. The Postal Service also proposes to eliminate the permit fee for Qualified BRM, in order to conform to the lack of permit fee for the similar Share Mail service.

Certificate of Mailing:

The overall price change for Certificate of Mailing service is 6.1 percent. Individual Certificate of Mailing and the Certificate of Bulk Mailing prices are increasing 3.9 percent and 5.1 percent, respectively, reflecting the value they provide (Factor 1). The price for Firm Book Certificate of Mailing is being increased by 8.3 percent (Factors 1 and 3).

Collect on Delivery:

The prices for Collect on Delivery (COD) are being raised by 2.5 percent overall, to help ensure that revenues cover costs. As the Commission is aware, COD cost

coverage has varied widely over the past few years. The COD proposal also includes limiting the delivery option to Hold For Pickup at a Post Office, rather than street delivery of COD. This will eliminate carrier costs related to obtaining payment from the customer at the time of delivery, redelivery attempts when the customer is not home or does not have the payment available, and the risks inherent in carriers transporting payments back to the Post Office. Instead, the customer will have time to prepare the payment so that delivery by the clerk at the Post Office is simple. In conjunction with this proposal, the Postal Service plans to rename COD as Collect on Delivery Hold For Pickup.

Merchandise Return Service:

The overall price change for Merchandise Return Service is a reduction of 100 percent; the fees for account maintenance and permits are eliminated even if the customer has no outbound shipments with the Postal Service. The Postal Service thus is reducing barriers to using the Postal Service for returns (Factor 6).

Parcel Airlift:

Parcel Airlift receives an overall price increase of 5.5 percent, due to the historical nickel rounding constraint (Factors 1 and 6).

Return Receipt:

The overall Return Receipts price increase is 2.9 percent, reflecting the value the service provides (Factor 1).

Signature Confirmation:

The basic Signature Confirmation service is getting an overall price increase (less Signature Confirmation Restricted Delivery) of 3.5 percent, reflecting the high value the service provides (Factor 1).

Special Handling:

Special Handling prices are being increased by 3.0 percent to reflect the high value the service provides to mailers that use it (Factor 1).

Address Management Services

The overall price increase for Address Management Services is 0.8 percent. However, 18 of the services will not be changing prices. For those services, the current prices adequately cover costs and the Postal Service does not want to discourage mailers from using services that will improve the quality of their mailing addresses (Factors 1, 7, and 12). Price increases for the other products were intended to reflect the value the service offers, or to better align per state prices with all state prices for Carrier Route, eLot, and ZIP+4 service (Factors 1 and 6).

Caller Service:

Caller Service prices are increasing by 1.7 percent overall. Individual price changes range from 1.3 percent to 2.0 percent, as the goal was to continue smoothing out the prices across fee groups, as well as to reflect the high value the service provides (Factors 1 and 6). Reserve Numbers receives a 4.3 percent increase, reflecting the value the service provides to mail recipients (Factor 1).

Credit Card Authentication

Credit Card Authentication does not receive an increase, because this fee allows the Postal Service to authenticate the relationship between a customer and an address electronically, rather than in a more labor intensive process when the same transaction is done by a postal clerk (Factor 10).

Post Office Box Service:

Post Office Box service prices are increasing 6.7 percent overall. The price changes are intended to smooth the differences in prices across both the fee groups and box sizes within the fee groups, as well as to reflect the high value of service provided (Factors 1 and 6).

Stamp Fulfillment Services:

Stamp Fulfillment Services is not receiving a price increase, because it reduces the costs associated with the retail purchase of stamps (Factor 3).

B. Preferred Mail—Rule 3010.12(b)(8)

Section 3626 sets forth pricing requirements for certain preferred categories of mail. In this price change, the Postal Service implements these requirements in the same manner as it did in its Docket No. R2015-4 price change, which the Commission concluded was an appropriate interpretation of section 3626.³⁴

³⁴ Order No. 2472, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Change, Docket No. R2015-4 (May 7, 2015), at 45.

First, section 3626(a)(3) requires that the prices for Within County Periodicals “reflect its preferred status,” as compared to the prices for regular rate Periodicals.³⁵ This price adjustment continues to recognize the preferential status of Within County Periodicals by setting prices below those of regular Outside County Periodicals.

Second, section 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. Consistent with previous practice, the Postal Service maintains this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage.

Third, section 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for their advertising pounds. Consistent with past practice, the Postal Service continues to provide these publications with advertising pound rates for DDU, DSCF, DADC, and Zones 1 & 2 that are 75 percent of the advertising pound rates applicable to regular Outside County Periodicals. This also includes the pound rates for DFSS, which pay the DSCF pound rate.

Fourth, section 3626(a)(6) requires that Nonprofit Standard Mail prices be set to achieve an average revenue per piece that is 60 percent of the commercial average revenue per piece. Consistent with past practice, the Postal Service has calculated this ratio at the class level. Past practice by the Commission has indicated that it is acceptable to meet the 60 percent ratio within a few tenths of a percent.³⁶ The prices

³⁵ This general standard replaces the “50-percent mark-up rule” that previously governed the setting of prices for Within County Periodicals. See H.R. REP. NO. 109-66, pt. 1, at 67-68.

³⁶ For example, in the past the Commission has approved nonprofit to commercial price ratios of 60.2 (Docket Nos. R2009-2 and R2015-4), 59.9 (Docket No. R2013-1), and 59.9 percent (Docket No. R2013-10). See Order No. 191, PRC Docket No. R2009-2 (Mar. 16, 2009), at 44; Order No. 1541, PRC Docket No. R2013-1 (Nov. 16, 2012), at 49; Order No. 1890, PRC Docket No. R2013-10 (Nov. 21, 2013), at 77; Order No. 2472, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package

set forth in this Notice achieve a revenue per piece ratio of 60.0 percent. Details of the nonprofit-commercial revenue per piece ratio are contained in USPS-LR-R2017-1/2, workbook *CAPCALC-STD-R2017-1.x/sx*, worksheet “Price Change Summary.” The Postal Service also kept nonprofit discounts equal to the comparable commercial discounts.

Fifth, section 3626(a)(7) requires that the prices for Library Mail be equal, as nearly as practicable, to 95 percent of the prices for Media Mail. This is achieved by setting each Library Mail price element equal to 95 percent of the corresponding Media Mail price element. The Postal Service has followed this approach in setting its new prices.

Finally, section 3626(g)(4) requires that preferential treatment be accorded to the Outside County pieces of a Periodicals publication having fewer than 5,000 Outside County pieces, and at least one Within County piece. In conformance with this requirement, the Postal Service implemented a new “limited circulation” discount in 2008, which gives these mailers a discount equivalent to the Nonprofit and Classroom Periodicals discount.

In addition to a discussion of section 3626, Rule 3010.12(b)(8) also requires the Postal Service to discuss how its planned prices are consistent with sections 3627 and 3629. Neither section is implicated by this price change: for section 3627, the Postal

Services Products and Related Mail Classification Change, Docket No. R2015-4 (May 7, 2015), at 44–45. Furthermore, in Docket No. R2015-4, the Commission stated that “[i]n lieu of requiring a formal justification when the percentage ratio is several tenths of a percent above or below 60 percent, the Commission recognizes and accepts a good faith effort by the Postal Service to set the rates as nearly to 60 percent as practicable, given the other pricing relationships the Postal Service must maintain and in recognition of the complexity of rate design.” Order No. 2472 at 45.

Service does not seek to alter the free rates; for section 3629, the Postal Service does not change the eligibility requirements for nonprofit prices.

C. Workshare Discounts—Rules 3010.12(b)(5) and (6) ³⁷

Section 3622(e) requires that the Postal Service justify any worksharing discount that exceeds 100 percent of the avoided costs, by reference to one or more of the exceptions specified in that provision. The workshare discounts, cost differentials, and passthroughs (discount divided by cost avoidance) are shown in Attachment B. These tables have the avoided cost data from the Postal Service's FY 2015 ACR, filed on December 29, 2015. The discounts in Docket No. ACR2015, USPS-FY15-3, have been replaced by the discounts included in the new prices.

For the passthroughs that were above 100 percent in Docket No. ACR2015, the Postal Service was able to make significant progress in moving them toward, or to, 100 percent. Though the Postal Service would have preferred to have moved additional passthroughs to 100 percent, some complicating factors, such as the extremely low price adjustment authority, prevented it from doing so. Additionally, the cost avoidances for several workshare activities unexpectedly changed. Given these considerations, the following sections discuss the passthroughs that exceed 100 percent.

First-Class Mail

Two First-Class Mail passthroughs exceed avoided costs in this price change; Mixed AADC Automation Letters, set at 112.1 percent, and 5-Digit Automation Flats, set at 115.7 Percent.

³⁷ To avoid calculations that result in passthroughs that are slightly under or over 100 percent, due to rounding, cost avoidances are rounded to the same level as the prices.

Mixed AADC Automation Letters:

The Postal Service has made progress reducing the Mixed AADC Automation Letters passthrough, set at 112.1 percent, down from 139.4 percent in the FY 2015 ACD. Although this passthrough was 100 percent in Docket No. R2015-4 with a cost avoidance of 4.6 cents,³⁸ the cost avoidance has since decreased considerably, to 3.3 cents. The proposed discount of 3.7 cents aligns the discount closer to the current cost avoidance. The volatility of the cost avoidance associated with this passthrough has persistently posed a challenge to the Postal Service in meeting the requirements of 3622(e)(2). Between the FY 2007 ACD and FY 2015 ACD, the cost avoidance has ranged from 3.3 (in FY 2015) to 5.3 cents (in FY 2013), averaging 4.4 cents, and resulting in passthroughs fluctuating between 97.8 percent (in FY 2014) to as high as 147.1 percent (in FY 2011).³⁹ Excluding FY 2015, the cost avoidance hit its low point in FY 2011 at 3.4 cents, only to rise the following year by 32 percent to 4.5 cent. The Postal Service observes that increasing or decreasing the Mixed AADC Automation

³⁸ Attachment B Docket No. R2015-4 (Jan. 15, 2015).

³⁹ See Annual Compliance Determination Report, FY 2007, Docket No. ACR2007 (March 27, 2008), at 64 (showing a cost avoidance of 5.0 cents and a passthrough of 100.3 percent); Annual Compliance Determination Report, FY 2008, Docket No. ACR2008 (March 30, 2009), at 68 (showing a cost avoidance of 4.5 cents and a passthrough of 112.2 percent); Annual Compliance Determination Report, FY 2009, Docket No. ACR2009 (March 29, 2010), at 70 (showing a cost avoidance of 4.6 cents and a passthrough of 126.1 percent); Annual Compliance Determination Report, FY 2010, Docket No. ACR2010 (March 29, 2011), at 87 (showing a cost avoidance of 4.6 cents and passthrough of 126.1 percent); Annual Compliance Determination Report, FY 2011, Docket No. ACR2011 (March 28, 2012), at 98 (showing a cost avoidance of 3.4 cents and passthrough of 147.1 percent); Annual Compliance Determination Report, FY 2012, Docket No. ACR2012 (March 28, 2013), at 83 (showing a cost avoidance of 4.5 cents and passthrough of 102.2 percent); Annual Compliance Determination Report, FY 2013, Docket No. ACR2013 (March 27, 2014), at 18 (showing a cost avoidance of 5.3 cents and passthrough of 103.8 percent); Annual Compliance Determination Report, FY 2014, Docket No. ACR2014 (March 27, 2015), at 12 (showing a cost avoidance of 4.6 cents and passthrough of 97.8 percent); Annual Compliance Determination Report, FY 2015, Docket No. ACR2015 (March 28, 2016), at 12 (showing a cost avoidance of 3.3 cents and passthrough of 139.4 percent).

Letters rate in order to chase a volatile cost avoidance seems contrary to Objective 2, “creat[ing] predictability and stability in rates.”⁴⁰

The price of Mixed AADC Automation Letters cannot be analyzed in isolation because it serves as the benchmark for AADC Automation Letters. In order to align the Mixed AADC discount with avoided costs, the rate cell would have to increase by 1.9 percent, more than doubling the average increase for the class in this price change of 0.780 percent. The 1.9 percent increase to Mixed AADC would push the AADC Automation Letters passthrough from 100 percent to 119 percent. Moreover, such a significant rate increase would be at odds with the Postal Service’s volume retention strategy for this rate category.⁴¹

In sum, due to the unpredictability of the cost avoidance and the greater than average rate increase that would have been necessary to align this discount with its avoided costs, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

5-Digit Automation Flats:

The Postal Service has likewise made progress reducing the 5-Digit Automation Flats passthrough, set at 115.7 percent, down from 120.8 percent in the FY 2015 ACD. The reduction of this passthrough is due to a decrease in the discount from 19.2 cents to 18.4 cents. In Docket No. R2015-4, this passthrough was 126.3 percent, which the

⁴⁰ 39 U.S.C. § 3622(b)(2).

⁴¹ Notably, Automation Presort letters is the largest revenue category among all Market Dominant products.

Postal Service justified pursuant to 3622(e)(2)(B), rate shock.⁴² In this case, aligning the discount with avoided costs would have required a 7.5 percent increase for the rate cell. Similar to Docket No. R2015-4, this significant increase is unacceptable given that 7.5 percent is almost 10 times higher than the average increase of 0.780 percent for First-Class Mail. Also, in the instant docket, the Postal Service is not increasing the prices of other less presorted First-Class Mail Flats such as Mixed ADC, ADC and 3-Digit. Increasing the price of the finest presorted flats by 7.5 percent while not increasing the price of lesser presorted mail does not provide the right signal to the mailing community. This increase would also be inappropriate in light of the healthy 151 percent cost coverage for Flats. Consequently, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

Standard Mail

The discounts for 17 workshare categories exceed avoided costs: 6 passthroughs in the Letters product; 1 passthrough in the Flats product, 6 passthroughs in the Parcels product, 2 passthroughs for the Carrier Route product, and 2 passthroughs for the High Density Letters product. As discussed Section (II)(A)(2)(a) above, the Postal Service is eliminating FSS-specific rates for Standard Mail Flats. The FSS flats prices introduced in May of 2015 produced three workshare passthroughs that were above 100 percent in the FY 2015 ACD; Automation FSS Non-Scheme to 3-Digit, Automation FSS Scheme to Automation FSS Non-Scheme, and nonautomation FSS

⁴² United States Postal Service Notice of Market-Dominant Price Adjustment, Docket No. R2015-4 (Jan. 15, 2015), at 44–45; Responses of the United States Postal Service to Chairman's Information Request, No. 2, Docket No. R2015-4 (Feb. 2, 2015), at Question 1.

non-scheme to 3-Digit. Since the Postal Service is eliminating FSS-specific prices, these discounts are no longer available.

Standard Mail Letters:

Six workshare passthroughs for Standard Mail Letters exceed 100 percent. The passthrough for presort automation AADC letters compared to automation mixed AADC letters is 113.3 percent. This represents an improvement compared to the 140.0 percent passthrough reported in the FY 2015 ACD. The passthrough for presort nonautomation 5-digit letters, compared to nonautomation 3-Digit letters is 120.8 percent. Again, this represents an improvement compared to the 123.6 percent passthrough reported in the FY 2015 ACD. Similarly, the passthrough for nonautomation 3-Digit letters fell from 113.0 percent in the FY 2015 ACD to 108.7 percent in this price proposal. The only presorting passthrough that did not improve was nonautomation AADC Machinable letters, which remained at 106.3 percent, the same as what was reported in the FY 2015 ACD.

The entry discounts for DSCF and DNDC letters also exceed 100 percent. The DSCF passthrough is 170.0 percent and the passthrough for DNDC is 162.5 percent. Both passthroughs have improved from the 225 percent reported in the FY 2015 ACD. In the FY 2015 ACD, the Commission stated that if the Postal Service was not able to reduce these passthroughs to 100 percent in the next market dominant price adjustment, then it must contemporaneously “file a plan” for reducing these passthrough to 100 percent.⁴³ Contingent on price cap availability, operational efficiencies, and

⁴³ Docket No. ACR2015, Annual Compliance Determination Report: Fiscal Year 2015, at 27 (March 28, 2016).

changes in cost avoidance, the plan for reducing these passthroughs to 100 percent is to decrease them by at least 10 percentage points (e.g., from 150 percent to 140 percent) in each subsequent market dominant price adjustment.

If the Postal Service were to reduce all five of the above Standard Letter passthroughs to 100 percent, it would need to increase Standard Mail letter prices by approximately 7.6 percent. With an average price increase of 0.895 percent for the Standard Mail Class, imposing a 7.6 percent price increase on Standard Letters would not only constitute rate shock, but would also necessitate significant price decreases for other Standard Mail products, including Standard Mail Flats.⁴⁴ Accordingly, the Postal Service justifies all of the above passthroughs under section 3622(e)(2)(b). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce these passthroughs in subsequent market dominant price adjustments.

Finally, the prebarcoding discount for automation letters is 325 percent. The Postal Service notes that the FY 2012 cost avoidance for Standard Mail Automation Mixed AADC Letters was calculated at negative 0.3 cents. This was changed to 0.001 in the FY 2014 ACR and changed again to 0.004 in the FY 2015 ACR. The pre-barcoding discount in this instant case is 0.013. Due to the volatility of these cost avoidance numbers, and the desire of the Postal Service to continue encouraging the pre-barcoding of commercial letters, this passthrough will be gradually moved toward 100 percent in future price adjustments. Given the value of encouraging the

⁴⁴ Pursuant to the Commission's order in the ACD for FY 2016, the Postal Service has been directed to increase Standard Mail Flats' cost coverage by, among other things, implementing "above-CPI price increases" on the product. See, Docket No. ACR2010, Annual Compliance Determination Report: Fiscal Year 2010, at 107 (March 29, 2011).

prebarcoding of commercial letters, Postal Service justifies this passthrough under section 3622(e)(2)(D).

Standard Mail Flats:

There is one passthrough for Standard Mail Flats above 100 percent. The barcoding discount for Automation Mixed ADC Flats has a passthrough of 253.3 percent, which is an improvement from the 273.3 percent passthrough reported in the FY 2015 ACD. Again, given the value of encouraging pre-barcoding of Flats, the Postal Service justifies this passthrough under section 3622(e)(2)(D). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce this passthrough in subsequent market dominant price adjustments.

Standard Mail Parcels:

Six passthroughs for Standard Mail Parcels exceed 100 percent. These are the presort discounts between NDC irregular parcels and mixed NDC irregular parcels, the discounts between NDC Marketing Parcels and mixed NDC Marketing Parcels, and the difference between the pre-barcoding discount and the cost avoidance for machinable, irregular, and marketing parcels.

NDC irregular parcels have a passthrough of 130.2 percent. This is an improvement over the passthrough of 160.4 percent reported in the FY 2015 ACD. The Postal Service intends to keep improving the passthrough in subsequent price adjustments. However, reducing this passthrough to 100 percent in this price change would have required a price increase of 13.6 percent. Given the magnitude of this price

increase in comparison to the average price increase for the Standard Mail Class, this passthrough is justified under section 3622(e)(2)(B). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce this passthrough in subsequent market dominant price adjustments.

NDC Marketing Parcels have a passthrough of 115.2 percent, which is also an improvement over the passthrough of 135.2 percent reported in the FY 2015 ACD. Reducing this passthrough to 100 percent in this rate case would have required a 4.6 percent price increase for this price cell. Given the magnitude of this price increase in comparison to the average price increase for the Standard Mail Class, this passthrough is justified under section 3622(e)(2)(B). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce this passthrough in subsequent market dominant price adjustments.

SCF Marketing Parcels had a passthrough of 105.4 percent. This was an improvement from the passthrough of 109.7 percent reported in the FY 2015 ACD. However, reducing the passthrough to 100 percent in this price case would have required a price increase of 4.6 percent. Given the magnitude of this price increase in comparison to the average price increase for the Standard Mail Class, this passthrough is justified by section 3622(e)(2)(B).

In the FY 2015 ACD, the Commission stated that if the Postal Service was not able to reduce this passthrough to 100 percent in the next market dominant price adjustment, then it must contemporaneously “file a plan” for reducing the passthrough to

100 percent.⁴⁵ Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the plan for reducing this passthrough to 100 percent is to decrease it by at least 10 percentage points (e.g., from 150 percent to 140 percent) in each subsequent market dominant price adjustment.

The passthroughs for barcoding (machinable, irregular, and marketing parcels) were all 163.2 percent. This is an improvement over the passthroughs reported in the FY 2015 ACR, which were all 168.4 percent. These discounts are important for encouraging the pre-barcoding of Standard Mail Parcels. Accordingly, the postal Service justifies these passthroughs under 3622(e)(2)(D).

Carrier Route Letters:

Two passthroughs for Carrier Route Letters exceed 100 percent. These are the entry discounts. The DSCF entry discount passthrough is 190.0 percent while the passthrough for DNDC letters is 187.5 percent. Both of these passthroughs have improved over what was reported in the FY 2015 ACD – 220 percent and 206.3 percent, respectively. The passthroughs went over 100 percent for first time when pound prices were eliminated for letters in Docket No. R2015-4. Given the Postal Service's current strategy of pricing Carrier Route Letters the same as Carrier Route Flats, reducing these passthroughs to 100 percent in this price adjustment is more challenging than for other letter entry discounts.

Reducing the entry discount passthroughs to 100 percent in this price adjustment would have required the Postal Service to increase the price of DSCF pieces by 6.1

⁴⁵ Docket No. ACR2015, Annual Compliance Determination Report: Fiscal Year 2015, at 33 (March 28, 2016).

percent and the price of DNDC pieces by 4.5 percent. Given the magnitude of these price increases in comparison to the average price increase for the Standard Mail Class, the Postal Service justifies this passthrough under section 3622(e)(2)(B). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce this passthrough in subsequent market dominant price adjustments.

High Density & Saturation Letters:

Two passthroughs for High Density & Saturation Letters exceed 100 percent. These are the entry discounts for DSCF and DNDC letters. DSCF has a passthrough of 155.0 percent, while the passthrough for DNDC letters is 150.0 percent. Both of these passthroughs improved from what was reported in the FY 2015 ACD – 225.0 and 206.3 percent, respectively. To reduce these passthroughs to 100 percent in this price adjustment the Postal Service would have needed to increase HD/SAT letter prices by 8.7 percent, absent lowering origin prices. Given the magnitude of this price increase in comparison to the average price increase for the Standard Mail Class, the Postal Service justifies these passthroughs under section 3622(e)(2)(B). Contingent on price cap availability, operational efficiencies, and changes in cost avoidance, the Postal Service will be mindful to reduce these passthroughs in subsequent market dominant price adjustments.

Periodicals

Attachment B contains two workshare discount tables for Periodicals. One Within County discount, Saturation, exceeds avoided costs. As discussed in Section

(II)(A)(2)(a) above, the Postal Service is proposing to eliminate all FSS price categories for flat-shaped pieces; therefore, the Machinable Automation FSS Flats discount, which exceeded its avoided costs in the FY 2015 ACD, is no longer available.

Nine Outside County Periodicals discounts exceed avoided costs: Machinable Nonautomation 5-Digit Flats, set at 122.1 percent; Saturation, set at 328.6 percent; Machinable Automation 5-Digit Flats, set at 103.8 percent; Nonmachinable Nonautomation 3-Digit/SCF, set at 135.9 percent; Nonmachinable Nonautomation 5-Digit Flats, set at 168.2 percent; Nonmachinable Automation ADC Flats, set at 105.1 percent; ADC Automation Letters, set at 238.8 percent; 3-Digit Automation Letters, set at 443.3 percent; and 5-Digit Automation Letters, set at 275.7 percent. These passthroughs are justified under section 3622(e)(2)(C), which permits discounts provided in connection with mail matter of educational, cultural, scientific, or informational value to exceed 100 percent of avoided costs.

Notably, the proposed prices narrow the gap between the Machinable Automation 5-Digit Flats passthrough and the Basic Carrier Route passthrough.⁴⁶ The Postal Service has taken steps to encourage the preparation of Carrier Route pieces by increasing the price difference between Basic Carrier Route and Machinable Automation 5-Digit Flats. As a result of this pricing strategy, both passthroughs are set closer to 100 percent of avoided costs.

⁴⁶ The Commission expressed concern in the FY 2015 Annual Compliance Determination regarding the difference between the passthroughs. Annual Compliance Determination Report, FY 2015, Docket No. ACR2015 (March 28, 2016), at 19.

Package Services

Attachment B contains three tables of workshare discounts, cost avoidances, and passthroughs for Package Services. All workshare discount passthroughs for Media and Library Mail are below 100 percent. As discussed in Section (II)(A)(2)(a) above, the Postal Service is proposing to eliminate all FSS price categories for flat-shaped pieces; therefore, the BPM Flats DFSS dropship discount, which exceeded its avoided costs in the FY 2015 ACD, is no longer available.

Bound Printer Matter Flats:

For Bound Printed Matter Flats, three workshare discount passthroughs exceed 100 percent: the Basic Carrier Route DNDC Flats passthrough, set at 108.7 percent; the Basic Carrier Route DSCF Flats passthrough, set at 107.5 percent; and the Basic Carrier Route DDU Flats passthrough, set at 107.4 percent.

BPM Flats DNDC Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 24 percent, lowering the passthrough from 111.5 percent to 108.7 percent. This represents a price increase for this dropship category of 3.7 percent and 6.1 percent for Carrier Route and Basic Presort, respectively. Aligning the discount with avoided costs in this case would have required prices to increase by 4.6 percent for Carrier Route and 6.9 percent for Basic Presort, both of which significantly surpass the average increase of 1.007 percent for the Package Services class in this price change. Therefore, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

BPM Flats DSCF Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 30 percent, lowering the passthrough from 110.7 percent to 107.5 percent. This represents a price increase for this dropship category of 3.5 percent and 7.0 percent for Carrier Route and Basic Presort, respectively. Aligning the discount with avoided costs in this case would have required prices to increase by 11.6 percent for Carrier Route and 13.7 percent for Basic Presort, both of which significantly surpass the average increase for the Package Services class in this price change. Therefore, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

BPM Flats DDU Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 37 percent, lowering the passthrough from 111.7 percent to 107.4 percent. This represents a price increase for this dropship category of 0.6 percent and 2.9 percent for Carrier Route and Basic Presort, respectively. Aligning the discount with avoided costs in this case would have required prices to increase by 15.0 percent for Carrier Route and 13.5 percent for Basic Presort, both of which significantly surpass the average increase for the Package Services class in this price change. Therefore, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

Bound Printer Matter Parcels:

For Bound Printed Matter Parcels, three workshare discount passthroughs exceed 100 percent: the DDU Bound Printed Matter Parcel passthrough, set at 107.7

percent; the Basic Carrier Route DSCF Parcels, set at 112.0 percent; and the Basic Carrier Route DDU Parcel passthrough, set at 112.5 percent.

BPM Parcels DNDC Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 33 percent, lowering the passthrough from 111.5 percent to 107.7 percent. This was accomplished by changing the prices of Carrier Route and Basic Presort by -1.1 percent and 1.2 percent, respectively. Because of limited cap space, the discount could not be reduced further, without affecting other pricing decisions. In addition, because this dropship discount applies to both Carrier Route and Basic Presort volumes, the price effects on those categories cannot be adjusted independently. In this instance, the greater volumes of the Basic Presort category, compared to Carrier Route, result in disparate price effects. Aligning the dropship discount with avoided costs in this case would have, in effect, changed Carrier Route by -0.5 percent and increased Basic Presort by 1.7 percent. While Carrier Route would still experience a decrease if the dropship discount were aligned with avoided costs, the greater than average rate increase for Basic Presort justifies this dropship passthrough under the rate shock exemption in section 3622(e)(2)(B).

BPM Parcels DSCF Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 20 percent, lowering the passthrough from 115.0 percent to 112.0 percent. This represents a price change for this dropship category of -1.9 percent and 0.3 percent for Carrier Route and Basic Presort, respectively. If the passthrough had to be

reduced to 100 percent, the prices would have increased by 6.5 and 7.7 percent, respectively, significantly surpassing the average increase in this price change for the Package Services class. Therefore, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

BPM Parcels DDU Dropship:

In this price change, the Postal Service was able to reduce the excess above 100 percent by 22 percent, lowering the passthrough from 116.0 percent to 112.5 percent. This represents a price increase for this dropship category of -4.6 percent and 1.4 percent for Carrier Route and Basic Presort, respectively. Aligning the discount with avoided costs would have required prices to increase by 9.3 percent for Carrier Route and 13.5 percent for Basic Presort, both of which significantly surpass the average increase in this price change for the Package Services class. Therefore, the Postal Service justifies this passthrough pursuant to 3622(e)(2)(B), rate shock.

III. MCS Product Description Changes

Rule 3010.12(b)(11) requires that this Notice include all the changes to the product descriptions within the MCS that will be necessary to implement the planned price adjustments. Attachment A shows the new prices and related product description changes incorporated into a revised draft of the market dominant section of the MCS.⁴⁷

⁴⁷ Attachment A is based on the August 28, 2016 MCS draft provided by the Commission at <http://www.prc.gov/mail-classification-schedule>, and updated for classification changes that will become effective after that date, but before January 22, 2017. The classification changes proposed in this filing are shown in legislative format.

Along with minor formatting and wording changes, the substantive classification changes for this filing include the following:

- Update Trademark Notice.
- Rename “Standard Mail” as “USPS Marketing Mail.”
- Rename “Alternate Postage” as “Share Mail,” eliminate prefunding price tiers, and remove option to request Picture Permit Imprint Indicia.
- Combine 3-Digit and AADC workshare categories for First-Class Mail Presorted Automation Letters and Postcards, and for Standard Mail Automation Letters.
- Offer a single price for First-Class Mail Presorted Letters weighing up to 3.5 ounces, and make conforming changes to the Single-Piece Residual Machinable Letters price table.
- Increase maximum weight for First-Class Mail Nonautomation Presorted Machinable Letters and Standard Mail Machinable Letters from 3.3 ounces to 3.5 ounces.
- Add Adult Signature to list of Competitive Ancillary Services available with First-Class Mail Parcels, consistent with classification changes approved in Docket No. CP2016-9.
- Increase the weight breakpoint at which pound prices apply for Standard Mail flats from 3.3 ounces to 4.0 ounces and make conforming changes to weight breakpoints for Standard Mail letters.
- Eliminate some price cells and add some new price cells, to reflect the new price structure for flat-shaped pieces prepared for and entered at Flats Sequencing System locations, in Standard Mail High Density and Saturation Flats/Parcels, Carrier Route, and Flats, and in Periodicals Outside County and Bound Printed Matter Flats.
- Reduce the number of price tiers for Saturation and Carrier Route Parcels (Simple Samples) within Standard Mail.
- Rename “Collect on Delivery” as “Collect on Delivery Hold For Pickup” and limit the delivery option to Hold For Pickup at a Post Office, rather than street delivery.

- Make corrections to reflect that Merchandise Return Service is available for only First-Class Package Service, Priority Mail, and Parcel Select Ground as of May 31, 2015.⁴⁸
- Eliminate the permit fees for mailing parcels, and receiving parcel returns.
- Eliminate the account maintenance fees for Merchandise Return Service and Parcel Return Service.
- Eliminate the permit fees for Qualified Business Reply Mail.
- Remove references to Critical Mail, eliminated in Docket No. CP2016-9.
- Change “Standard Post” to “USPS Retail Ground,” consistent with classification changes approved in Docket No. CP2016-9.
- Correct price table for USPS Tracking by deleting duplicative rate cells for Parcel Select.
- Revise Bulk Insurance price table to accurately reflect the per piece price differential.
- Change “Parcel Select Nonpresort” to “Parcel Select Ground,” consistent with classification changes approved in Docket No. CP2016-9.
- Eliminate First-Class Package Service as a product available with Registered Mail because First-Class Package Service is not sealed against inspection.
- Remove Advance Notification and Tracking System from product description for Address Management Services to reflect that the program was discontinued in 2014.
- Change “DMM (Domestic Mail Manual) Labeling Lists” to “Labeling Lists.”
- Allow eligible Enterprise PO Boxes Online customers to pay pro-rated fees on a one-time basis for the purpose of aligning multiple PO Box, Caller Service, and Reserve payments to a selected annual renewal date in the future.
- Update Glossary, including adding language providing for Postage and Fee Payment when postage due cannot be determined, for example, where electronic documentation is found to contain insufficient information after a mailing has been entered into the mailstream.

⁴⁸ New Mailing Standards for Domestic Mailing Services Products, 80 Fed. Reg. 25,528, 25,529 (May 4, 2015).

Notice of the changes to the DMM implementing these new features are being placed on USPS.com and will be published in the *Federal Register* shortly.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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ATTACHMENT A

CHANGES TO MAIL CLASSIFICATION SCHEDULE

(Deletions are marked by strikethrough and additions are underlined. Some unchanged language is included, but only to show the location of the changes. All prices are listed in price tables, whether or not they are changing.)

TRADEMARK NOTICE

The following trademarks used in this document are among the many trademarks owned by the United States Postal Service®. The trademark symbols (® and ™) have not been individually noted throughout this document. References to or excerpts from this document may use this approach as well.

AEC II®

Business Reply Mail®

CeP™

Certified Mail®

CASS™

CASS Certified™

Click-N-Ship®

CMM®

Commercial Base™®

Commercial ePacket®

Commercial Plus™®

~~Confirm®~~

Courtesy Reply Mail™

Customized MarketMail®

Delivery Confirmation™

DMM®

DPV®

DSF2®

EDDM®

Electronic Postmark®

eLOT®

EMS®

ePacket®

EPM®

Every Door Direct Mail®

eVS®

FCPIS®

First-Class Mail International®

First-Class Mail®

First-Class Package International Service®

First-Class Package Service®

Forever®

GeM™

Global Bulk Economy®

Global Direct®

Global Express Guaranteed®

GXG®

IMb®

IMM®

IMpb®

IMRS®

Intelligent Mail®

International Business Reply™

International Merchandise Return Service (IMRS)®

International Priority Airmail™®

International Surface Air Lift®

IPA®

ISAL®

LACSLink®

M-Bag®

MASS™

Media Mail®

NCOA^{LINK®}

P.O. Box™

Post Office Box™

Parcel Post®

Parcel Select®

Parcel Select Lightweight®

Parcel Select Ground™

PAVE™

PC Postage®

PFS®

Pickup On Demand®

PMOD™

Post Office™

~~Postal One!~~ PostalOne!®

Postal Service™

The Postal Store®

Premium Forwarding Service®

Premium Forwarding Service Commercial®

Priority Mail Flat Rate™®

Priority Mail International®

Priority Mail Open and Distribute®

Priority Mail Regional Rate™®

Priority Mail®

Registered Mail™

Priority Mail Express Flat Rate™

Priority Mail Express International™

Priority Mail Express Same Day™

Priority Mail Express™®

QBRM™

Qualified Business Reply Mail™

RDI™
Real Mail Notification®
Registered Mail™
Share Mail™
Signature Confirmation™
~~Standard Mail®~~
The Postal Service®™
U.S. Postal Service®
United States Post Office®
USPS®
USPSCA®

USPS.com®
USPS Delivery Confirmation®
USPS GeM™
USPS Marketing Mail™
USPS Retail Ground™
USPS Share Mail™
USPS Tracking™®
ZIP™
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PART A

MARKET DOMINANT PRODUCTS

1000

MARKET DOMINANT PRODUCT LIST

FIRST-CLASS MAIL*

- Single-Piece Letters/Postcards
- Presorted Letters/Postcards
- Flats
- Parcels
- Outbound Single-Piece First-Class Mail International
- Inbound Letter Post

~~STANDARD MAIL~~ USPS MARKETING MAIL (COMMERCIAL AND NONPROFIT)*

- High Density and Saturation Letters
- High Density and Saturation Flats/Parcels
- Carrier Route
- Letters
- Flats
- Parcels
- Every Door Direct Mail—Retail

PERIODICALS*

- In-County Periodicals
- Outside County Periodicals

PACKAGE SERVICES*

- Alaska Bypass Service
- Bound Printed Matter Flats
- Bound Printed Matter Parcels
- Media Mail/Library Mail

SPECIAL SERVICES*

- Ancillary Services
- International Ancillary Services
- Address Management Services
- Caller Service
- Credit Card Authentication
- International Reply Coupon Service
- International Business Reply Mail Service
- Money Orders
- Post Office Box Service
- Customized Postage
- Stamp Fulfillment Services

* Organizational class or group (not a Postal Service product)

NEGOTIATED SERVICE AGREEMENTS*

Domestic*

PHI Acquisitions, Inc. Negotiated Service Agreement

International*

Inbound Market Dominant Multi-Service Agreements with Foreign
Postal Operators

Inbound Market Dominant Exprés Service Agreement 1

Inbound Market Dominant Registered Service Agreement 1

NONPOSTAL SERVICES*

Alliances with the Private Sector to Defray Cost of Key Postal
Functions

Philatelic Sales

MARKET TESTS*

* Organizational class or group (not a Postal Service product)

MARKET DOMINANT PRODUCT DESCRIPTIONS

The product descriptions provided in this document include information necessary for maintaining the market dominant product list pursuant to the Postal Accountability and Enhancement Act of 2006 (Public Law 109-435). For specific standards relating to postal products and services, including preparation and mailing requirements, please refer to the latest versions of the Domestic Mail Manual and the International Mail Manual, which are published and maintained by the United States Postal Service (pe.usps.gov).

1100 First-Class Mail

1100.1 Class Description

- a. Any matter eligible for mailing, except ~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit) entered as Customized MarketMail, may, at the option of the mailer, be mailed by First-Class Mail service.
- b. Matter containing personal information, partially or wholly handwritten or typewritten matter, or bills or statements of account must be mailed by First-Class Mail service, unless: (1) it is mailed by Priority Mail Express service or Priority Mail service, (2) it meets the ~~Standard Mail~~USPS Marketing Mail or Periodicals mail preparation requirements for incidental First-Class Mail attachments or enclosures, or (3) it is otherwise exempt under title 39, United States Code.

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1105 Single-Piece Letters/Postcards

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1105.3

Price Categories

The following price categories are available for the product specified in this section:

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- ~~Alternate Postage~~Share Mail Letters and Postcards

1105.4

Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

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- Ancillary Services (1505)
 - ~~Collect on Delivery~~COD Hold For Pickup (1505.7)
- ~~Picture Permit Imprint Indicia (Alternate Postage Only)~~

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1105.5 Prices

Single-Piece Machinable Stamped Letters^{1, 2, 3}

Maximum Weight (ounces)	Machinable Letters (\$)
1	0.49
2	0.70
3	0.91
3.5	1.12

Notes

1. The price for single-piece, one, two, or three ounce letters also applies to sales of Forever stamps and Forever Print-on-Demand indicia at the time of purchase, as specified by the Postal Service.
2. The price for a Forever additional ounce stamp is the difference between the 2-ounce price and the 1-ounce price.
3. A handling charge of \$0.01 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

Single-Piece Machinable Metered Letters

Maximum Weight (ounces)	Machinable Letters (\$)
1	0.46
2	0.67
3	0.88
3.5	1.09

Single-Piece Nonmachinable Stamped Letters¹

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	0.70
2	0.91
3	1.12
3.5	1.33

Notes

1. The prices for single-piece, first-ounce nonmachinable letters also applies to sales of Forever nonmachinable stamps and Forever Print-on-Demand indicia at the time of purchase.

Single-Piece Nonmachinable Metered Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	0.670
2	0.880
3	1.090
3.5	1.30

Single-Piece QBRM Letters

Maximum Weight (ounces)	QBRM Letters (\$)
1	0.476
2	0.686

Single-Piece Residual Machinable Letters

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	0.50 ¹
2	0.50 ¹
3	0.50 ¹
3.5	0.50 ¹

Notes

1. This price applies only to residual machinable letters derived from a mixed weight presort mailing, and only when the residual mailing reflects the weight levels included in the mixed weight presort mailing. ~~In all other cases, single-piece machinable metered letter rates apply to residual letters derived from uniform one-ounce and uniform two-ounce presort mailings.~~

Single-Piece Postcards^{1, 2}

Maximum Weight (ounces)	Postcards (\$)	Single-Piece Double Card (\$)
not applicable	0.34	0.68

Notes

1. The price for single-piece postcards also applies to sales of stamped cards marked with Forever postage, at the time the stamped cards are purchased. The price also applies to Forever postcard stamps.
2. A handling charge of \$0.01 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement. Such inbound direct entry mail cannot include Single-Piece Double Cards.

Single-Piece QBRM Postcards

Maximum Weight (ounces)	QBRM Postcards (\$)
not applicable	0.326

~~Alternate Postage~~ Share Mail Letters and Postcards^{1,2}

Maximum Weight (ounces)	Upfront Postage Payment ² (\$)	Alternate Postage <u>Share Mail Letters</u> (\$)	Alternate Postage <u>Share Mail Postcards</u> (\$)
1	Below 21%	0.57	0.42
	21—50%	0.55	0.40
	Over 50%	0.54	0.39

Notes

1. To qualify for ~~Alternate Postage~~ Share Mail, customers must meet and comply with all eligibility requirements of the program. Share Mail allows a qualifying customer to distribute pre-approved mailpieces that contain an Intelligent Mail barcode (IMb) and that can be mailed without prepayment of postage. Postage is collected when a pre-approved mailpiece is placed in the mailstream and scanned during processing.
2. Customers that are party to a current Alternate Postage Marketing Agreement (Marketing Agreement) as of December 31, 2016 may continue to distribute Alternate Postage mailpieces for the duration of that agreement, per its terms. For all Marketing Agreements, the term “prevailing Alternate Postage rate” shall be synonymous with the prevailing Share Mail rate most recently approved by the Postal Regulatory Commission. To qualify for Alternate Postage, companies pay an agreed-upon portion of the required postage at the time they print or distribute pre-approved mailpieces containing an Intelligent Mail barcode (IMb). The remainder of the postage is subsequently collected when a pre-approved mailpiece is placed in the mailstream and scanned during processing.

1110 Presorted Letters/Postcards

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1110.3 Price Categories

The following price categories are available for the product specified in this section:

- Automation Letters
 - 5-Digit
 - ~~3-Digit~~
 - AADC
 - Mixed AADC

* * * * *

- Automation Postcards
 - 5-Digit
 - ~~3-Digit~~
 - AADC
 - Mixed AADC

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1110.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)

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- ~~Collect on Delivery~~ COD Hold For Pickup (1505.7)

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1110.5 Prices

Automation Letters

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	0.373	0.399	0.403	0.423
2	0.373	0.399	0.403	0.423
3	0.373	0.649	0.403	0.423
3.5	0.373	0.774	0.403	0.423

Nonautomation Presorted Machinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	0.453
2	0.453
3	0.453
3.35	0.453

Nonmachinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	0.663
2	0.663
3	0.663
3.5	0.663

Automation Postcards

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	0.253	0.263	0.266	0.274

Nonautomation Presorted Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	0.284

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Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

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1115 Flats

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1115.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)

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- ~~Collect on Delivery~~COD Hold For Pickup (1505.7)

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1115.5 Prices

Automation Flats

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	0.446	0.630	0.670	0.750
2	0.656	0.840	0.880	0.960
3	0.866	1.050	1.090	1.170
4	1.076	1.260	1.300	1.380
5	1.286	1.470	1.510	1.590
6	1.496	1.680	1.720	1.800
7	1.706	1.890	1.930	2.010
8	1.916	2.100	2.140	2.220
9	2.126	2.310	2.350	2.430
10	2.336	2.520	2.560	2.640
11	2.546	2.730	2.770	2.850
12	2.756	2.940	2.980	3.060
13	2.966	3.150	3.190	3.270

Presorted Flats

Maximum Weight (ounces)	Presorted (\$)
1	0.798
2	1.008
3	1.218
4	1.428
5	1.638
6	1.848
7	2.058
8	2.268
9	2.478
10	2.688
11	2.898
12	3.108
13	3.318

Single-Piece Flats¹

Maximum Weight (ounces)	Single-Piece (\$)
1	0.98
2	1.19
3	1.40
4	1.61
5	1.82
6	2.03
7	2.24
8	2.45
9	2.66
10	2.87
11	3.08
12	3.29
13	3.50

Notes

1. A handling charge of \$0.01 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

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Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

1120 **Parcels**

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1120.3 Price Categories

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- Keys and Identification Devices – Payment is due on delivery unless an active bBusiness ~~rReply~~ ~~mMail~~ advance deposit account is used.

1120.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)

* * * * *

- ~~Collect on Delivery~~ COD Hold For Pickup (1505.7)
- USPS Tracking (1505.8)
- Insurance (1505.9)
- ~~Merchandise Return Service~~ (1505.10)
- Registered Mail (1505.12)
- Return Receipt (1505.13)
- Signature Confirmation (1505.17)
- Special Handling (1505.18)
- Competitive Ancillary Services (2645)
 - Adult Signature (2645.1)
 - Package Intercept Service (2645.2)
- Pickup On Demand Service

1120.5 Prices

Retail¹

Maximum Weight (ounces)	Single-Piece (\$)
1	2.67
2	2.67
3	2.67
4	2.67
5	2.85
6	3.03
7	3.21
8	3.39
9	3.57
10	3.75
11	3.93
12	4.11
13	4.29

Notes

1. A handling charge of \$0.01 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

Keys and Identification Devices

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	3.50
2	3.50
3	3.50
4	3.50
5	3.68
6	3.86
7	4.04
8	4.22
9	4.40
10	4.58
11	4.76
12	4.94
13	5.12
1 (pound)	Priority Mail Retail Zone 4 postage plus 0.83
2 (pounds)	Priority Mail Retail Zone 4 postage plus 0.83

Pickup On Demand Service

Add \$22.00 for each Pickup On Demand stop.

1200 ~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)

1200.1 Class Description

- a. Any mailable matter weighing less than 16 ounces may be mailed by ~~Standard Mail~~USPS Marketing Mail service, except matter that is required to be mailed by First-Class Mail service or copies of a publication that is authorized to be entered as Periodicals mail.
- b. ~~Standard Mail~~USPS Marketing Mail pieces are not sealed against postal inspection. Mailing of matter by ~~Standard Mail~~USPS Marketing Mail service constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- c. The delivery of ~~Standard Mail~~USPS Marketing Mail pieces is deferrable.
- d. For a charge, undeliverable-as-addressed ~~Standard Mail~~USPS Marketing Mail pieces, except Customized MarketMail pieces, may be forwarded and returned at the request of the mailer.
- e. Except for Every Door Direct Mail—Retail, an annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of ~~Standard Mail~~USPS Marketing Mail (1505.2). Payment of the fee allows the mailer to mail at any ~~Standard Mail~~USPS Marketing Mail price.

Attachments and enclosures

- a. First-Class Mail may be enclosed in or attached to ~~Standard Mail~~USPS Marketing Mail except for such mail entered as Customized MarketMail under section 1225.3. Additional postage must be paid for the attachment or enclosure as if it had been mailed separately at the applicable First-Class Mail price.
- b. Incidental First-Class Mail attachments and enclosures may be attached to or enclosed within ~~Standard Mail~~USPS Marketing Mail containing merchandise, but not merchandise samples, with postage paid on the combined pieces at the applicable ~~Standard Mail~~USPS Marketing Mail price.

Nonprofit only

- a. Mail matter that otherwise qualifies for ~~Standard Mail~~USPS Marketing Mail service may be mailed at Nonprofit ~~Standard Mail~~USPS Marketing Mail prices if it is entered by an authorized entity and meets the additional eligibility restrictions set forth in the Domestic Mail Manual. The following entities may be authorized by the Postal Service to send ~~Standard Mail~~USPS Marketing Mail at Nonprofit ~~Standard Mail~~USPS Marketing Mail prices:

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1205 High Density and Saturation Letters

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1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.186	0.111
DNDC	0.162	0.087
DSCF	0.155	0.080

High Density Plus Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.196	0.121
DNDC	0.172	0.097
DSCF	0.165	0.090

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.199	0.124
DNDC	0.175	0.100
DSCF	0.168	0.093

Saturation, High Density Plus, and High Density Nonautomation Letters (~~3.34.0~~ 3.4 ounces or less) Commercial

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.218	0.228	0.248
DNDC	0.178	0.188	0.208
DSCF	0.164	0.174	0.194

*Saturation, High Density Plus, and High Density Nonautomation Letters
(~~3-34.0~~ ounces or less) Nonprofit*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.136	0.146	0.166
DNDC	0.096	0.106	0.126
DSCF	0.082	0.092	0.112

*Saturation, High Density Plus, and High Density Nonautomation Letters
(more than ~~3-34.0~~ ounces) Commercial and Nonprofit*

Saturation, High Density Plus, and High Density letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than ~~3-34.0~~ ounces must pay the piece and pound prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ Saturation, High Density Plus, and High Density Flats (Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

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Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.44 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1210 High Density and Saturation Flats/Parcels

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1210.4 Price Categories

The following price categories are available for the product specified in this section:

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- High Density Plus Flats
DDU, DSCF/DFSS, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
- High Density Flats
DDU, DSCF/DFSS, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

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1210.6 Prices

Saturation Flats (3-~~3.34~~4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.219	0.218	0.137	0.136
DNDC	0.179	0.178	0.097	0.096
DSCF	0.165	0.164	0.083	0.082
DDU	0.156	0.155	0.074	0.073

Saturation Flats (greater than ~~3.34~~ 4.0 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	0.065	0.064	0.026	0.025

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.615	0.615	0.445	0.445
DNDC	0.454	0.454	0.284	0.284
DSCF	0.400	0.400	0.230	0.230
DDU	0.363	0.363	0.193	0.193

Saturation Parcels

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	0.289	0.333	0.217	0.250
200,001 <u>and above</u> 400,000	0.278	0.322	0.209	0.242
400,001-600,000	0.264	0.308	0.198	0.231
600,001-800,000	0.253	0.297	0.190	0.223
800,000-1,000,000	0.242	0.286	0.182	0.215
Over 1,000,000	0.231	0.275	0.174	0.207

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	50.678	40.542
DNDC – 5-Digit	82.400	65.920
DSCF – 5-Digit	38.607	30.996
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	6.901	5.623

High Density Plus Flats (~~3-34.0~~ ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.228	0.146
DNDC	0.188	0.106
DSCF/ DESS	0.174	0.092
DDU	0.165	0.083

High Density Plus Flats (greater than ~~3-34.0~~ ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.074	0.035

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.615	0.445
DNDC	0.454	0.284
DSCF/DFSS	0.400	0.230
DDU	0.363	0.193

High Density Flats (~~3.34.0~~ ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.248	0.166
DNDC	0.208	0.126
DSCF/DFSS	0.194	0.112
DDU	0.185	0.103

High Density Flats (greater than ~~3.34.0~~ ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.094	0.055

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.615	0.445
DNDC	0.454	0.284
DSCF/DFSS	0.400	0.230
DDU	0.363	0.193

* * * * *

Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.36 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion: Flats Only (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion: Flats Only (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion: Flats Only (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion: Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1215 Carrier Route

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1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.290	0.209
DNDC	0.260	0.178
DSCF	0.252	0.170

Carrier Route ~~Nonautomation~~ Letters weighing greater than 3.35 ounces, but not more than 4.0 ounces

Carrier Route letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than 3.35 ounces, but not more than 4.0 ounces, must pay the prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ “Carrier Route Flats (4.0 ounces or less)” price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Letters weighing greater than 4.0 ounces

Carrier Route letter-shaped pieces that weigh more than 4.0 ounces must pay the per piece and per pound prices shown in the “Carrier Route Flats (greater than 4.0 ounces)” price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Flats (3.34.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallet	Other	5-Digit Pallet	Other	
Origin	0.270	0.290	0.189	0.209	
DNDC	0.240	0.260	0.158	0.178	
DSCF	0.232	0.252	0.150	0.170	
DDU	0.221	0.241	0.140	0.160	

Carrier Route Flats (greater than ~~3.34~~ 3.4 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	0.090	0.110	0.051	0.071	
DNDC	0.090	0.110	0.051	0.071	
DSCF	0.090	0.110	0.051	0.071	
DDU	0.090	0.110	0.051	0.071	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	0.720	0.720	0.550	0.550	
DNDC	0.598	0.598	0.428	0.428	
DSCF	0.567	0.567	0.397	0.397	
DDU	0.524	0.524	0.354	0.354	

Carrier Route Parcels

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	0.400	0.444	0.300	0.333
200,001 <u>and above</u> 400,000	0.389	0.433	0.292	0.325
400,001-600,000	0.374	0.418	0.284	0.314
600,001-800,000	0.363	0.407	0.273	0.306
800,000-1,000,000	0.352	0.396	0.264	0.297
Over 1,000,000	0.344	0.385	0.256	0.289

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	50.678	40.542
DNDC – 5-Digit	82.400	65.920
DSCF – 5-Digit	38.607	30.996
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	6.901	5.623

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Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.44 per piece, forwarded flats pay \$1.36 per piece and returned letters and flats pay the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion: Letters and Flats Only (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion: Letters and Flats Only (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion: Letters and Flats Only (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion: Letters and Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1220 Letters

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1220.4 Price Categories

The following price categories are available for the product specified in this section:

- Automation
 - 5-Digit
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
 - ~~3-Digit~~
~~DSCF, DNDC, and Origin entry levels~~
~~Commercial and Nonprofit eligible~~

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1220.6 Prices

Automation Letters (3.5 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.251	0.274	0.271	0.288	0.134	0.159	0.154	0.171
DNDC	0.225	0.239	0.245	0.262	0.108	0.124	0.128	0.145
DSCF	0.217	0.230	0.237	n/a	0.100	0.115	0.120	n/a

Machinable Letters (3.35 ounces or less)

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.284	0.301	0.167	0.184
DNDC	0.258	0.275	0.141	0.158
DSCF	0.250	n/a	0.133	n/a

Nonmachinable Letters (3.34.0 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.462	0.549	0.574	0.647	0.345	0.432	0.457	0.530
DNDC	0.436	0.523	0.548	0.621	0.319	0.406	0.431	0.504
DSCF	0.428	0.515	0.540	n/a	0.311	0.398	0.423	n/a

~~Nonautomation~~ Pieces weighing greater than ~~3.34~~ 4.0 ounces

Letters pieces without eligible barcodes or not meeting automation letter standards, that weigh more than ~~3.34~~ 4.0 ounces must pay the prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ "Nonautomation Flats (greater than 4.0 ounces)" price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

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Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.44 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2017 to July 31, 2017)*

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1225 Flats

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1225.4 Price Categories

The following price categories are available for the product specified in this section:

- Automation
 - ~~FSS Scheme Pallet/Container~~
~~DFSS entry level~~
~~Commercial and Nonprofit eligible~~
 - ~~FSS Non-Scheme Pallet/Container~~
~~DSCF, DNDC, and Origin entry levels~~
~~Commercial and Nonprofit eligible~~

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- Nonautomation
 - ~~FSS Scheme Pallet/Container~~
~~DFSS entry level~~
~~Commercial and Nonprofit eligible~~
 - ~~FSS Non-Scheme Pallet/Container~~
~~DSCF, DNDC, and Origin entry levels~~

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1225.6 Prices

Automation Flats (~~3.34~~ 4.0 ounces or less)

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.304	0.334	0.387	0.478	0.533	0.550
DNDC	0.268	0.298	0.347	0.438	0.493	0.510
DSCF	0.258	0.288	0.335	0.426	0.481	n/a
DFSS	0.253	0.283	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.162	0.192	0.244	0.335	0.390	0.407
DNDC	0.129	0.159	0.204	0.295	0.350	0.367
DSCF	0.119	0.149	0.192	0.283	0.338	n/a
DFSS	0.114	0.144	n/a	n/a	n/a	n/a

Automation Flats (greater than ~~3.34~~ 3.4 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.144	0.174	0.163	0.254	0.309	0.326
DNDC	0.144	0.174	0.163	0.254	0.309	0.326
DSCF	0.144	0.174	0.163	0.254	0.309	n/a
DFSS	0.139	0.169	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.026	0.056	0.045	0.136	0.191	0.208
DNDC	0.026	0.056	0.045	0.136	0.191	0.208
DSCF	0.026	0.056	0.045	0.136	0.191	n/a
DFSS	0.024	0.054	n/a	n/a	n/a	n/a

b. Per Pound

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.763	0.763	0.897	0.897	0.897	0.897
DNDC	0.602	0.602	0.736	0.736	0.736	0.736
DSCF	0.554	0.554	0.688	0.688	0.688	n/a
DFSS	0.554	0.554	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.660	0.660	0.794	0.794	0.794	0.794
DNDC	0.499	0.499	0.633	0.633	0.633	0.633
DSCF	0.451	0.451	0.585	0.585	0.585	n/a
DFSS	0.451	0.451	n/a	n/a	n/a	n/a

Nonautomation Flats (~~3.34~~4.0 ounces or less)

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.405	0.410	0.435	0.504	0.555	0.588
DNDC	0.372	0.377	0.395	0.464	0.515	0.548
DSCF	0.362	0.367	0.383	0.452	0.503	n/a
DFSS	0.357	0.362	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.266	0.271	0.292	0.361	0.412	0.445
DNDC	0.233	0.238	0.252	0.321	0.372	0.405
DSCF	0.223	0.228	0.240	0.309	0.360	n/a
DFSS	0.218	0.223	n/a	n/a	n/a	n/a

Nonautomation Flats (greater than ~~3.34.0~~ ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.248	0.253	0.211	0.280	0.331	0.364
DNDC	0.248	0.253	0.211	0.280	0.331	0.364
DSCF	0.248	0.253	0.211	0.280	0.331	n/a
DFSS	0.243	0.248	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.130	0.135	0.093	0.162	0.213	0.246
DNDC	0.130	0.135	0.093	0.162	0.213	0.246
DSCF	0.130	0.135	0.093	0.162	0.213	n/a
DFSS	0.125	0.130	n/a	n/a	n/a	n/a

b. Per Pound

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.763	0.763	0.897	0.897	0.897	0.897
DNDC	0.602	0.602	0.736	0.736	0.736	0.736
DSCF	0.554	0.554	0.688	0.688	0.688	n/a
DFSS	0.554	0.554	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.660	0.660	0.794	0.794	0.794	0.794
DNDC	0.499	0.499	0.633	0.633	0.633	0.633
DSCF	0.451	0.451	0.585	0.585	0.585	n/a
DFSS	0.451	0.451	n/a	n/a	n/a	n/a

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.443	0.328

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Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.36 per piece and returned flats pay the applicable First-Class Mail price. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1230 Parcels

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1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	1.198	1.532	n/a	n/a	1.115	1.449
DNDC	0.741	0.834	1.148	n/a	0.658	0.751	1.065	n/a
DSCF	0.691	0.784	n/a	n/a	0.608	0.701	n/a	n/a
DDU	0.646	n/a	n/a	n/a	0.563	n/a	n/a	n/a

Marketing Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.554	0.647	0.961	1.295	0.489	0.582	0.896	1.230

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	1.150	1.150	n/a	n/a	1.063	1.063
DNDC	0.905	0.905	0.905	n/a	0.818	0.818	0.818	n/a
DSCF	0.663	0.663	n/a	n/a	0.576	0.576	n/a	n/a
DDU	0.445	n/a	n/a	n/a	0.358	n/a	n/a	n/a

Nonprofit Machinable Parcels Prices (3.5 ounces or more)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.620	0.906	1.302

c. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	1.059	1.059
DNDC	0.814	0.814	n/a
DSCF	0.551	n/a	n/a
DDU	0.354	n/a	n/a

Nonprofit Irregular Parcels (3.3 ounces or less)

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.368	1.631
DNDC	0.788	0.937	1.318	n/a
DSCF	0.734	0.883	n/a	n/a
DDU	0.693	n/a	n/a	n/a

Nonprofit Irregular Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.620	0.769	1.150	1.413

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.059	1.059
DNDC	0.814	0.814	0.814	n/a
DSCF	0.551	0.551	n/a	n/a
DDU	0.354	n/a	n/a	n/a

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Non-barcoded Parcels Surcharge

For non-barcoded parcels, add \$0.062 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

1235 Every Door Direct Mail—Retail

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1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	0.177

1300 Periodicals

1300.1 Class Description

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Attachments and enclosures

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- b. A limit of one ~~Standard Mail~~ USPS Marketing Mail "Ride-Along" attachment or enclosure, not exceeding 3.3 ounces or the weight of the host copy, may be included in an individual copy of Periodicals mail for an additional postage payment under conditions specified in the Domestic Mail Manual.

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1305 In-County Periodicals

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1305.6 Prices

In-County Automation

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.154
Non-DDU	0.201

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.051	0.113
3-Digit	0.053	0.121
Basic	0.064	0.130

In-County Nonautomation

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.154
Non-DDU	0.201

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	0.034
Carrier Route High Density	0.048
Carrier Route Basic	0.065
5-Digit	0.123
3-Digit	0.138
Basic	0.153

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1310 Outside County Periodicals

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Price Categories

Pound Price

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- Advertising
DDU, DSCF, ~~DFSS~~, DADC, Zones 1-9
- Editorial
DDU, DSCF, ~~DFSS~~, DADC, All Other

Piece Price

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- Machinable Flats and Nonbarcoded Letters
 - Barcoded Flats
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
 - Nonbarcoded Flats and Nonbarcoded Letters
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels

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Bundle Price

The bundle price applies to all Outside County mail prepared in bundles. The price paid for a bundle depends on the presort level of the container holding the bundle. For bundles containing both Periodicals and ~~Standard Mail~~ USPS Marketing Mail pieces, the bundle price is multiplied by the proportion of pieces in the bundle that are Periodicals pieces. Firm bundles have all pieces destined for one address. The following price categories are available for the product specified in this section:

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- ~~FSS Scheme (bundle level)~~
~~FSS Scheme, FSS Facility, 3-Digit/SCF, ADC, Mixed ADC container levels~~

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Container Price

The container price applies to all Outside County mail prepared in trays, sacks, pallets, or other containers. For containers containing both Periodicals and ~~Standard Mail~~ USPS Marketing Mail pieces, the container price is multiplied by the proportion of weight on the container contributed by the Periodicals pieces. The following price categories are available for the product specified in this section:

a. Pallet Container Price

- Carrier Route
DDU, DSCF, DADC, DNDC, Origin entry levels
- 5-Digit
DSCF, DADC, DNDC, Origin entry levels
- ~~FSS Scheme~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~
- ~~FSS Facility~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~

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b. Sack and Tray Container Price

- Carrier Route/5-Digit
DDU, DSCF, DADC, DNDC, Origin entry levels
- ~~FSS Scheme~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~
- ~~FSS Facility~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~

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1310.6 Prices

Charges are computed by adding the appropriate per-piece charge, per-bundle charge, per-sack charge, and per-pallet charge to the sum of the editorial (nonadvertising) pound portion and the advertising pound portion, as applicable.

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.120	0.088	0.090	0.088
DSCF	0.176	0.132	0.132	0.132
DFSS	0.176	0.132	0.132	0.132
DADC	0.188	0.141	0.141	0.141
Zones 1 & 2	0.212	0.157	0.159	0.157
Zone 3	0.230	0.157	0.230	0.157
Zone 4	0.291	0.157	0.291	0.157
Zone 5	0.364	0.157	0.364	0.157
Zone 6	0.445	0.157	0.445	0.157
Zone 7	0.539	0.157	0.539	0.157
Zone 8	0.623	0.157	0.623	0.157
Zone 9	0.623	0.157	0.623	0.157

Piece Price (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	0.145
High Density	0.168
Basic	0.202

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	0.216
3-Digit/SCF	0.284
ADC	0.304
Mixed ADC	0.341

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
FSS	0.230	0.360	
5-Digit	0.309	0.311	0.311
3-Digit/SCF	0.390	0.416	0.416
ADC	0.408	0.435	0.435
Mixed ADC	0.438	0.473	0.473

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	0.329	0.330	0.330
3-Digit/SCF	0.467	0.473	0.473
ADC	0.555	0.579	0.579
Mixed ADC	0.658	0.658	0.658

e. Editorial Adjustment

A per-piece editorial adjustment is provided by subtracting \$0.00109 for each 1 percent of editorial (nonadvertising) content from the applicable piece price.

f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of \$0.202.

Bundle Prices (per bundle)

Bundle Level	Container Level						
	Carrier Route (\$)	5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	0.103	0.103			0.214	0.268	0.362
Carrier Route	0.152	0.152			0.551	0.694	0.928
5-Digit		0.323			0.376	0.493	0.749
FSS Scheme			0.000	0.314	0.314	0.463	0.705
3-Digit/SCF					0.326	0.456	0.703
ADC						0.327	0.580
Mixed ADC							0.212

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	3.046						
DSCF	19.023	39.806	13.327	23.822	23.822		
DFSS			6.664	23.822			
DADC	36.324	57.107	30.628	41.123	41.123	24.545	
DNDC	40.572	61.355	34.876	45.372	45.372	42.789	
Origin	59.711	80.494	53.984	64.497	64.497	61.901	7.214

b. Tray or Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	0.974					
DSCF	1.407	0.866	0.866	0.866		
DFSS		0.433	0.866			
DADC	1.840	1.299	1.299	1.299	0.866	
DNDC	2.165	1.624	1.624	1.624	1.515	
Origin	2.928	2.273	2.273	2.323	2.217	0.512

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1400 Package Services

1400.1 Class Description

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- d. Package Services pieces that are undeliverable-as-addressed will be forwarded on request of the addressee, or forwarded and returned on request of the mailer, subject to the applicable single-piece Package Services mail price when forwarded or returned. Pieces which combine domestic Package Services mail with First-Class Mail or ~~Standard Mail~~USPS Marketing Mail pieces will be forwarded if undeliverable-as-addressed, and returned if undeliverable.

Attachments and enclosures

- a. First-Class Mail or ~~Standard Mail~~USPS Marketing Mail pieces may be attached to or enclosed in Package Services mail. Additional postage may be required.

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1405 Alaska Bypass Service

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1405.6 Prices

Alaska Bypass

Prices are calculated by dividing the total weight of the shipment by 70 (subject to the maximum weight restriction) and multiplying the result (rounded to the nearest one-hundredth) by the appropriate Alaska Bypass price for the zone to which the parcel is addressed.

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)
70	25.20	30.80

1415 Bound Printed Matter Flats

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1415.4 Price Categories

The following price categories are available for the product specified in this section:

- Carrier Route
 - ~~Non-FSS~~
 - Destination Entry
 - Other than Destination Entry
- Presorted
 - ~~Flats Sequencing System (FSS)~~
 - ~~Non-FSS~~
 - Destination Entry
 - Other than Destination Entry
- Nonpresorted

1415.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
 - ~~Collect on Delivery~~ COD Hold For Pickup (1505.7)

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1415.6 Prices

Carrier Route

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

1. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.362	0.522	0.999	0.999	0.999	0.999
Per Pound	0.020	0.036	0.064	0.084	0.136	0.220

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	1.112	1.112	1.112	1.112	1.112	1.112	1.112
Per Pound	0.138	0.149	0.202	0.257	0.329	0.372	0.500

Presorted

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. ~~Flats Sequencing System (FSS)~~

~~1. Destination Entry[†]~~

	DSCF	DFSS	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.656	0.648	1.123	1.123	1.123	1.123
Per Pound	0.035	0.035	0.062	0.069	0.124	0.186

~~2. Other Than Destination Entry~~

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	1.239	1.239	1.239	1.239	1.239	1.239	1.239
Per Pound	0.135	0.143	0.194	0.247	0.316	0.357	0.480

~~b. Non-FSS~~

1. Destination Entry²¹

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	0.504	0.664	1.141	1.141	1.141	1.141
Per Pound	0.020	0.036	0.064	0.084	0.136	0.220

2. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	1.254	1.254	1.254	1.254	1.254	1.254	1.254
Per Pound	0.138	0.149	0.202	0.257	0.329	0.372	0.500

Notes

~~1. DFSS prices apply to FSS Scheme Bundles entered on scheme containers at the DFSS. FSS Scheme Bundles entered on non-scheme containers at the DFSS pay the DSCF prices.~~

~~2.1.~~ DDU price is not available for presorted flats that weigh 1 pound or less.

Nonpresorted

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	\$1.87	\$1.92	\$1.98	\$2.07	\$2.17	\$2.23	\$2.43
1.5	\$1.87	\$1.92	\$1.98	\$2.07	\$2.17	\$2.23	\$2.43
2.0	\$1.96	\$2.02	\$2.10	\$2.22	\$2.36	\$2.44	\$2.70
2.5	\$2.05	\$2.13	\$2.23	\$2.38	\$2.55	\$2.65	\$2.98
3.0	\$2.14	\$2.23	\$2.35	\$2.53	\$2.74	\$2.86	\$3.25
3.5	\$2.23	\$2.34	\$2.48	\$2.69	\$2.93	\$3.07	\$3.53
4.0	\$2.32	\$2.44	\$2.60	\$2.84	\$3.12	\$3.28	\$3.80
4.5	\$2.42	\$2.56	\$2.74	\$3.01	\$3.32	\$3.50	\$4.10
5.0	\$2.51	\$2.66	\$2.86	\$3.16	\$3.51	\$3.71	\$4.37
6.0	\$2.69	\$2.87	\$3.11	\$3.47	\$3.89	\$4.13	\$4.92
7.0	\$2.87	\$3.08	\$3.36	\$3.78	\$4.27	\$4.55	\$5.47
8.0	\$3.05	\$3.29	\$3.61	\$4.09	\$4.65	\$4.97	\$6.02
9.0	\$3.23	\$3.50	\$3.86	\$4.40	\$5.03	\$5.39	\$6.57
10.0	\$3.42	\$3.72	\$4.12	\$4.73	\$5.44	\$5.84	\$7.15
11.0	\$3.60	\$3.93	\$4.37	\$5.04	\$5.82	\$6.26	\$7.70
12.0	\$3.78	\$4.14	\$4.62	\$5.35	\$6.20	\$6.68	\$8.25
13.0	\$3.96	\$4.35	\$4.87	\$5.66	\$6.58	\$7.10	\$8.80
14.0	\$4.14	\$4.56	\$5.12	\$5.97	\$6.96	\$7.52	\$9.35
15.0	\$4.33	\$4.79	\$5.40	\$6.31	\$7.37	\$7.98	\$9.95

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1420 Bound Printed Matter Parcels

1420.1 Description

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~~b. An annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of destination entered Bound Printed Matter Parcels (1505.2). Payment of the fee allows the mailer to mail at any destination entered Bound Printed Matter price.~~

b.e. Postage must be paid by permit imprint only.

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1420.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
 - ~~Collect on Delivery~~ COD Hold For Pickup (1505.7)
 - USPS Tracking (1505.8)
 - Insurance (1505.9)
 - ~~Merchandise Return Service~~ (1505.10)

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1420.6 Prices

Carrier Route

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Destination Entry

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	0.604	0.774	1.277	1.277	1.277	1.277
Per Pound	0.038	0.072	0.100	0.129	0.177	0.247

b. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	1.389	1.389	1.389	1.389	1.389	1.389	1.389
Per Pound	0.185	0.221	0.269	0.332	0.407	0.469	0.613

Presorted

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Destination Entry

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	0.730	0.900	1.403	1.403	1.403	1.403
Per Pound	0.038	0.072	0.100	0.129	0.177	0.247

b. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	1.515	1.515	1.515	1.515	1.515	1.515	1.515
Per Pound	0.185	0.221	0.269	0.332	0.407	0.469	0.613

Nonpresorted

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	\$2.54	\$2.60	\$2.66	\$2.75	\$2.87	\$2.93	\$3.14
1.5	\$2.54	\$2.60	\$2.66	\$2.75	\$2.87	\$2.93	\$3.14
2.0	\$2.66	\$2.74	\$2.82	\$2.94	\$3.10	\$3.18	\$3.46
2.5	\$2.78	\$2.88	\$2.98	\$3.13	\$3.33	\$3.43	\$3.78
3.0	\$2.90	\$3.02	\$3.14	\$3.32	\$3.56	\$3.68	\$4.10
3.5	\$3.03	\$3.17	\$3.31	\$3.52	\$3.80	\$3.94	\$4.44
4.0	\$3.15	\$3.31	\$3.47	\$3.71	\$4.03	\$4.19	\$4.76
4.5	\$3.27	\$3.45	\$3.63	\$3.90	\$4.26	\$4.44	\$5.08
5.0	\$3.39	\$3.59	\$3.79	\$4.09	\$4.49	\$4.69	\$5.40
6.0	\$3.63	\$3.87	\$4.11	\$4.47	\$4.95	\$5.19	\$6.04
7.0	\$3.88	\$4.16	\$4.44	\$4.86	\$5.43	\$5.71	\$6.70
8.0	\$4.12	\$4.44	\$4.76	\$5.25	\$5.90	\$6.22	\$7.35
9.0	\$4.36	\$4.72	\$5.08	\$5.63	\$6.36	\$6.72	\$7.99
10.0	\$4.60	\$5.00	\$5.40	\$6.01	\$6.82	\$7.22	\$8.63
11.0	\$4.85	\$5.30	\$5.75	\$6.42	\$7.31	\$7.76	\$9.32
12.0	\$5.09	\$5.58	\$6.07	\$6.80	\$7.77	\$8.26	\$9.96
13.0	\$5.33	\$5.86	\$6.39	\$7.18	\$8.23	\$8.76	\$10.60
14.0	\$5.58	\$6.15	\$6.72	\$7.57	\$8.70	\$9.27	\$11.26
15.0	\$5.82	\$6.43	\$7.04	\$7.95	\$9.17	\$9.78	\$11.91

Pickup On Demand Service

Add \$22.00 for each Pickup On Demand stop.

1425 Media Mail/Library Mail

1425.1 Description

Media Mail

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~~b. An annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of presorted Media Mail (1505.2). Payment of the fee allows the mailer to mail at any presorted Media Mail price.~~

Library Mail

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~~c. An annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of presorted Library Mail (1505.2). Payment of the fee allows the mailer to mail at any presorted Library Mail price.~~

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1425.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
 - ~~Collect on Delivery~~COD Hold For Pickup (1505.7)
 - USPS Tracking (1505.8)
 - Insurance (1505.9)
 - ~~Merchandise Return Service~~ (1505.10)

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1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
1	\$1.82	\$2.51	\$2.63	
2	\$2.31	\$3.00	\$3.12	
3	\$2.80	\$3.49	\$3.61	
4	\$3.29	\$3.98	\$4.10	
5	\$3.78	\$4.47	\$4.59	
6	\$4.27	\$4.96	\$5.08	
7	\$4.76	\$5.45	\$5.57	
8	\$5.24	\$5.93	\$6.05	
9	\$5.72	\$6.41	\$6.53	
10	\$6.20	\$6.89	\$7.01	
11	\$6.68	\$7.37	\$7.49	
12	\$7.16	\$7.85	\$7.97	
13	\$7.64	\$8.33	\$8.45	
14	\$8.12	\$8.81	\$8.93	
15	\$8.60	\$9.29	\$9.41	
16	\$9.08	\$9.77	\$9.89	
17	\$9.56	\$10.25	\$10.37	
18	\$10.04	\$10.73	\$10.85	
19	\$10.52	\$11.21	\$11.33	
20	\$11.00	\$11.69	\$11.81	
21	\$11.48	\$12.17	\$12.29	
22	\$11.96	\$12.65	\$12.77	
23	\$12.44	\$13.13	\$13.25	
24	\$12.92	\$13.61	\$13.73	
25	\$13.40	\$14.09	\$14.21	

Media Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
26	\$13.88	\$14.57	\$14.69	
27	\$14.36	\$15.05	\$15.17	
28	\$14.84	\$15.53	\$15.65	
29	\$15.32	\$16.01	\$16.13	
30	\$15.80	\$16.49	\$16.61	
31	\$16.28	\$16.97	\$17.09	
32	\$16.76	\$17.45	\$17.57	
33	\$17.24	\$17.93	\$18.05	
34	\$17.72	\$18.41	\$18.53	
35	\$18.20	\$18.89	\$19.01	
36	\$18.68	\$19.37	\$19.49	
37	\$19.16	\$19.85	\$19.97	
38	\$19.64	\$20.33	\$20.45	
39	\$20.12	\$20.81	\$20.93	
40	\$20.60	\$21.29	\$21.41	
41	\$21.08	\$21.77	\$21.89	
42	\$21.56	\$22.25	\$22.37	
43	\$22.04	\$22.73	\$22.85	
44	\$22.52	\$23.21	\$23.33	
45	\$23.00	\$23.69	\$23.81	
46	\$23.48	\$24.17	\$24.29	
47	\$23.96	\$24.65	\$24.77	
48	\$24.44	\$25.13	\$25.25	
49	\$24.92	\$25.61	\$25.73	
50	\$25.40	\$26.09	\$26.21	

Media Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
51	\$25.88	\$26.57	\$26.69	
52	\$26.36	\$27.05	\$27.17	
53	\$26.84	\$27.53	\$27.65	
54	\$27.32	\$28.01	\$28.13	
55	\$27.80	\$28.49	\$28.61	
56	\$28.28	\$28.97	\$29.09	
57	\$28.76	\$29.45	\$29.57	
58	\$29.24	\$29.93	\$30.05	
59	\$29.72	\$30.41	\$30.53	
60	\$30.20	\$30.89	\$31.01	
61	\$30.68	\$31.37	\$31.49	
62	\$31.16	\$31.85	\$31.97	
63	\$31.64	\$32.33	\$32.45	
64	\$32.12	\$32.81	\$32.93	
65	\$32.60	\$33.29	\$33.41	
66	\$33.08	\$33.77	\$33.89	
67	\$33.56	\$34.25	\$34.37	
68	\$34.04	\$34.73	\$34.85	
69	\$34.52	\$35.21	\$35.33	
70	\$35.00	\$35.69	\$35.81	

Library Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
1	\$1.73	\$2.38	\$2.50	
2	\$2.20	\$2.85	\$2.97	
3	\$2.67	\$3.32	\$3.44	
4	\$3.14	\$3.79	\$3.91	
5	\$3.61	\$4.26	\$4.38	
6	\$4.08	\$4.73	\$4.85	
7	\$4.55	\$5.20	\$5.32	
8	\$5.01	\$5.66	\$5.78	
9	\$5.47	\$6.12	\$6.24	
10	\$5.93	\$6.58	\$6.70	
11	\$6.39	\$7.04	\$7.16	
12	\$6.85	\$7.50	\$7.62	
13	\$7.31	\$7.96	\$8.08	
14	\$7.77	\$8.42	\$8.54	
15	\$8.23	\$8.88	\$9.00	
16	\$8.69	\$9.34	\$9.46	
17	\$9.15	\$9.80	\$9.92	
18	\$9.61	\$10.26	\$10.38	
19	\$10.07	\$10.72	\$10.84	
20	\$10.53	\$11.18	\$11.30	
21	\$10.99	\$11.64	\$11.76	
22	\$11.45	\$12.10	\$12.22	
23	\$11.91	\$12.56	\$12.68	
24	\$12.37	\$13.02	\$13.14	
25	\$12.83	\$13.48	\$13.60	

Library Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
26	\$13.29	\$13.94	\$14.06	
27	\$13.75	\$14.40	\$14.52	
28	\$14.21	\$14.86	\$14.98	
29	\$14.67	\$15.32	\$15.44	
30	\$15.13	\$15.78	\$15.90	
31	\$15.59	\$16.24	\$16.36	
32	\$16.05	\$16.70	\$16.82	
33	\$16.51	\$17.16	\$17.28	
34	\$16.97	\$17.62	\$17.74	
35	\$17.43	\$18.08	\$18.20	
36	\$17.89	\$18.54	\$18.66	
37	\$18.35	\$19.00	\$19.12	
38	\$18.81	\$19.46	\$19.58	
39	\$19.27	\$19.92	\$20.04	
40	\$19.73	\$20.38	\$20.50	
41	\$20.19	\$20.84	\$20.96	
42	\$20.65	\$21.30	\$21.42	
43	\$21.11	\$21.76	\$21.88	
44	\$21.57	\$22.22	\$22.34	
45	\$22.03	\$22.68	\$22.80	
46	\$22.49	\$23.14	\$23.26	
47	\$22.95	\$23.60	\$23.72	
48	\$23.41	\$24.06	\$24.18	
49	\$23.87	\$24.52	\$24.64	
50	\$24.33	\$24.98	\$25.10	

Library Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
51	\$24.79	\$25.44	\$25.56	
52	\$25.25	\$25.90	\$26.02	
53	\$25.71	\$26.36	\$26.48	
54	\$26.17	\$26.82	\$26.94	
55	\$26.63	\$27.28	\$27.40	
56	\$27.09	\$27.74	\$27.86	
57	\$27.55	\$28.20	\$28.32	
58	\$28.01	\$28.66	\$28.78	
59	\$28.47	\$29.12	\$29.24	
60	\$28.93	\$29.58	\$29.70	
61	\$29.39	\$30.04	\$30.16	
62	\$29.85	\$30.50	\$30.62	
63	\$30.31	\$30.96	\$31.08	
64	\$30.77	\$31.42	\$31.54	
65	\$31.23	\$31.88	\$32.00	
66	\$31.69	\$32.34	\$32.46	
67	\$32.15	\$32.80	\$32.92	
68	\$32.61	\$33.26	\$33.38	
69	\$33.07	\$33.72	\$33.84	
70	\$33.53	\$34.18	\$34.30	

Pickup On Demand Service

Add \$22.00 for each Pickup On Demand stop.

1500 Special Services

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1500.2 Products Included in Class

- Ancillary Services (1505)

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- ~~Collect on Delivery~~ COD Hold For Pickup (1505.7)

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1505 Ancillary Services

1505.1 Address Correction Service

1505.1.1 Description

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- e. Full-service Address Correction Service is only available for mailings of First-Class Mail automated letters, cards, and flats, ~~Standard Mail~~ USPS Marketing Mail automation letters and flats; ~~Standard Mail~~ USPS Marketing Mail Carrier Route, High Density, and Saturation letters; Periodicals Outside County barcoded or Carrier Route letters and flats; Periodicals In-County automation or Carrier Route letters and flats; and Bound Printed Matter barcoded Presort non-DDU flats. The mailings must comply with the requirements for the Full-service Intelligent Mail option.

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail piece, on-piece correction only	0.00
Other	0.58
Electronic correction, each	
First-Class Mail piece	0.12
Other	0.31
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	0.06
Additional notices, for a given address change, each	0.13
Standard Mail <u>USPS Marketing Mail</u> piece	
First two notices, for a given address change, each	0.09
Additional notices, for a given address change, each	0.26
Full-service correction, each	0.00

1505.2 Applications and Mailing Permits

1505.2.1 Description

Payment of an application, mailing, or permit fee is required to mail certain products. Many of the fees apply at the class level and encompass the associated products. Fees that apply to particular special services are included in the price schedules for those special services.

Mailing Fees

First-Class Mail/~~First-Class Package Service~~

A mailing fee must be paid once each 12-month period at each office of mailing by any person who mails at the presorted or automation prices, except for qualifying Full-service Intelligent Mail barcode mailings. Payment of the fee allows the mailer to mail at any First-Class Mail or ~~First-Class Package Service~~ price.

~~Standard Mail~~ USPS Marketing Mail / ~~Parcel Select Lightweight~~

A mailing fee must be paid each 12-month period for each permit used to mail ~~Standard Mail~~ USPS Marketing Mail or ~~Parcel Select Lightweight~~ pieces, except for qualifying Full-service Intelligent Mail barcode mailings.

Periodicals

Each authorized Periodicals publication must pay the application fee for one original entry authorization at the Post Office where the office of publication is maintained. A re-entry application fee must be paid whenever the publisher changes the publication's title, frequency of issue, office of original entry, or qualification category. Prior to entering Nonprofit, Classroom, and Science of Agriculture Periodicals mail, a publication must obtain an additional Postal Service entry authorization to mail at those prices. Periodicals mail may be entered only by publishers or registered news agents. A news agent is a person or concern engaged in distributing two or more Periodicals publications published by more than one publisher. News agents must register at each Post Office at which they enter Periodicals mail, and pay the appropriate application fee.

Package Services

A mailing fee must be paid once each 12-month period to mail at any destination entry Bound Printed Matter price, except for qualifying Full-service Intelligent Mail barcode mailings, or if a mailer uses Bound Printed Matter to mail parcels only. A separate mailing fee must be paid once each 12-month period to mail at any Media Mail presorted or Library Mail presorted price.

~~Parcel Select~~

~~— A mailing fee must be paid once each 12-month period for Parcel Select (except for Parcel Select Lightweight) matter entered at a DDU, DSCF, or DNDC price.~~

Permit Imprint Application Fee ~~*Permit Imprint Application*~~

- a. A fee is charged for application to use a permit imprint as a method of payment.
- b. This fee does not apply to mailers using the Electronic Verification System (eVS) or Priority Mail Express Manifesting (PMEM) Electronic Manifesting Solution for Parcels (EMSS) payment methods, or to mailers using a permit imprint to mail only Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select (including Parcel Select Lightweight), Bound Printed Matter Parcels, Media Mail, or Library Mail.

~~Return Services~~

~~— A Return Services permit fee must be paid once each 12-month period by mailers using Merchandise Return Service, or Parcel Return Service. In addition, the permit holder must pay an account maintenance fee once each 12-month period for each advance deposit account. The Return Services permit and account maintenance fees do not apply to mailers who use the Postal Service to mail non-returns (outbound) parcel-shaped mail using a permit account.~~

1505.2.2 Prices

	(\$)
First-Class Mail/ First-Class Package Service Presort Mailing Fee (per year)	225.00
Standard Mail USPS Marketing Mail/ Parcel Select Lightweight Mailing Fee (per year)	225.00
Periodicals Application Fees (one-time only for each)	
A. Original Entry	685.00
B. Re-entry	75.00
C. Registration for News Agents	75.00
Bound Printed Matter: Destination Entry Mailing Fee (per year) ¹	225.00
Media Mail Presorted Mailing Fee (per year)	225.00
Library Mail Presorted Mailing Fee (per year)	225.00
Parcel Select: Destination Entry or Lightweight Mailing Fee (per year)	215.00
Return Services Account Maintenance Fee (per year)	670.00
Return Services Permit Fee (per year)	215.00
Application to Use Permit Imprint (one-time only) ¹	225.00

Notes

1. Fee does not apply in circumstances described in 1505.2.1.

1505.3 Business Reply Mail

1505.3.1 Description

- a. Business Reply Mail service allows a permit holder or its representative to distribute postcards, envelopes, cartons and labels that can be used to send First-Class Mail or Priority Mail ~~(except Critical Mail)~~ pieces to an address chosen by the distributor without prepayment of postage.

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1505.3.2 Prices

	(\$)
<u>Permit (All categories)</u>	<u>225.00¹</u>
Regular (no account maintenance fee)	
— Permit (per year)	215.00
Per-piece charge	0.83
Regular (with account maintenance fee)	
— Permit (per year)	215.00
Account maintenance (per year)	685.00
Per-piece charge	0.096
Qualified Business Reply Mail, low-volume	
— Permit (per year)	215.00
Account maintenance (per year)	685.00
Per-piece charge	0.067
Qualified Business Reply Mail, high-volume	
— Permit (per year)	215.00
Account maintenance (per year)	685.00
Quarterly	2,300.00
Per-piece charge	0.012
Bulk Weight Averaged (Non-letters only)	
— Permit (per year)	215.00
Account maintenance (per year)	685.00
Per-piece charge	0.018
Monthly maintenance	1,135.00

Notes

1. Fee does not apply to permit holder who receives (1) only Qualified Business Reply Mail, or (2) only parcel-shaped Business Reply Mail.

1505.4 Bulk Parcel Return Service

1505.4.1 Description

- a. Bulk Parcel Return Service provides a method whereby high-volume parcel mailers may have machinable parcels, initially mailed as ~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit) or Parcel Select Lightweight parcels, returned to designated postal facilities for pickup by the mailer at a predetermined frequency, or delivered in bulk by the Postal Service in a specified manner and frequency. Such parcels may be returned because they are: undeliverable-as-addressed; have been opened, resealed, and redeposited into the mail for return to the mailer using a mailer provided return label; or are found in the mailstream, having been opened, resealed, and redeposited by the recipient for return to the mailer.

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1505.4.2 Prices

	(\$)
Per-piece charge	3.15

1505.5 Certified Mail

1505.5.1 Description

- a. Certified Mail service provides a mailer of First-Class Mail, First-Class Package Service, or Priority Mail ~~(except Critical Mail)~~ with a mailing receipt and electronic confirmation of the date, location, and time of the delivery or attempted delivery. If the initial attempt to deliver the article is not successful, a notice of attempted delivery is also provided to the addressee.

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1505.5.2 Prices

(Per piece)	(\$)
Certified Mail	3.35
Certified Mail with Restricted Delivery and/or Adult Signature	8.35

1505.6 Certificate of Mailing

1505.6.1 Description

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- b. Certificate of Mailing (Forms 3817 and 3665): furnishes evidence that pieces addressed to specific individuals were presented to the Postal Service for mailing using First-Class Mail, First-Class Package Service, Priority Mail (~~except Critical Mail~~), Package Services, Parcel Return Service, and ~~Standard Post~~ USPS Retail Ground.
- c. Certificate of Bulk Mailing (Form 3606): Only furnishes evidence that a number of identical-weight pieces were presented to the Postal Service for mailing using First-Class Mail, First-Class Package Service, Priority Mail (~~except Critical Mail~~), ~~Standard Mail~~ USPS Marketing Mail (except Customized MarketMail), Parcel Select, Package Services and ~~Standard Post~~ USPS Retail Ground.

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1505.6.2 Prices

Individual Piece Prices

	(\$)
Original Certificate of Mailing, Form 3817, individual article presented at retail	1.35
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	0.39
Each additional copy of original Certificate of Mailing, or original mailing receipt (Form 3877) for Registered Mail, insured mail, Certified Mail, and COD <u>Hold For Pickup</u> mail (each copy)	1.35

Quantity of Pieces

	(\$)
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	7.95
Each additional 1,000 identical-weight pieces or fraction thereof	0.99
Each additional copy of the original Form 3606	1.35

1505.7 Collect on Delivery (COD) Hold For Pickup

1505.7.1 Description

- a. ~~Collect on Delivery (COD)~~ COD Hold For Pickup service allows mailers of Priority Mail Express, First-Class Mail, First-Class Package Service, Priority Mail, Package Services, Parcel Select (excluding Parcel Select Lightweight), and ~~Standard Post~~ USPS Retail Ground pieces to send an article for which the mailer has not received full or partial payment (of \$1,000.00 or less) and have that payment, the cost of postage and fees, and anticipated or past due charges collected by the Postal Service from the addressee when the article is delivered.

- b. COD Hold For Pickup service also provides, as optional features at additional fees:

Restricted Delivery, which directs delivery only to the addressee or addressee's agent. The addressee must be an individual (a natural person) specified by name.

Registered COD Hold For Pickup, which combines Registered Mail with COD Hold For Pickup services. The total fees include the proper registry fee for the value declared plus the registered COD Hold For Pickup fee. Fees and additional details are listed under Registered Mail (1505.14).

- c. ~~If delivery is attempted, but not successful, a notice will be provided to the addressee. COD Hold For Pickup mail is customers may also elect to have the piece held for pickup at a local Post Office. If such an election is made, a~~ Notice is ~~will be provided to the addressee specifying that~~ instructing them to pick up their COD Hold For Pickup item is available to be paid for and picked up at a particular Post Office.
- d. The mailer guarantees to pay any return postage unless otherwise specified on the mailpiece.
- e. The mailer may request the piece be returned to sender or redirected to a new Post Office address as Hold For Pickup ~~designate a new addressee~~ by using Package Intercept service (2645.2).
- f. A claim for loss or damage may be filed as specified in the Domestic Mail Manual.

- g. COD Hold For Pickup service is not available for: collection agency purposes; return of merchandise, unless the new addressee has consented in advance to such return; parcels containing motion pictures mailed by exhibitors to motion picture manufacturers, distributors, or exchanges; goods that have not been ordered by the addressee; or for sending bills or statements of indebtedness only. However, when a legitimate COD Hold For Pickup shipment consists of merchandise or bill of lading, the balance due on a past or anticipated transaction may be included in the charges on a COD Hold For Pickup article, provided that the addressee has consented in advance to such action.
- h. COD Hold For Pickup service may only be requested at the time of mailing and the piece must be presented to a rural carrier or a postal employee at a Post Office, branch, station (including any authorized contractor), or business mail entry unit, for mailing.

1505.7.2 Prices

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
0.01	to	50.00	7.15
50.01	to	100.00	8.95
100.01	to	200.00	10.70
200.01	to	300.00	12.45
300.01	to	400.00	14.20
400.01	to	500.00	15.95
500.01	to	600.00	17.70
600.01	to	700.00	19.45
700.01	to	800.00	21.20
800.01	to	900.00	22.95
900.01	to	1,000.00	24.70
Additional Fees for Optional Features:			
COD <u>Hold For Pickup</u> Restricted Delivery			4.95

1505.8 USPS Tracking

1505.8.1 Description

- a. USPS Tracking service provides mailers of First-Class Mail parcels, ~~Standard Mail~~USPS Marketing Mail parcels, Package Services, Priority Mail, Parcel Select, ~~Standard Post~~USPS Retail Ground, and First-Class Package Service pieces with end-to-end tracking updates, including confirmation of delivery, as the item travels to its destination.
- b. USPS Tracking service is automatically included with the purchase of items sent via First-Class Mail Parcels, Package Services, Priority Mail, Parcel Select, ~~Standard Post~~USPS Retail Ground, and First-Class Package Service.

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1505.8.2 Prices

	(\$)
First-Class Mail Parcels	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00
First-Class Package Service	
Electronic	0.00
Standard Mail <u>USPS Marketing Mail</u> Parcels	
Electronic	0.37
Package Services	
Returns with integrated retail system label	0.00
Electronic	0.00
Retail	0.00
Priority Mail	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00
Parcel Select	
Electronic	0.00
Parcel Select	
 Electronic>Returns with integrated retail system label	0.00
 Retail	0.00
Standard Post <u>USPS Retail Ground</u>	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00

1505.9 Insurance

1505.9.1 Description

- a. Insurance may be obtained only at the time of mailing and provides the mailer with indemnity for loss, damage, or missing contents for merchandise mailed using Priority Mail Express, Package Services, Parcel Select, ~~Standard Post~~USPS Retail Ground, ~~Standard Mail~~USPS Marketing Mail parcels, or items included in pieces sent via First-Class Mail, First-Class Package Service, or Priority Mail, if the contents would be eligible to be mailed using ~~Standard Mail~~USPS Marketing Mail, ~~Standard Post~~USPS Retail Ground, or Package Services.

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Bulk Insurance Option

- a. Insurance includes a Bulk Insurance option that is available for ~~Standard Mail~~USPS Marketing Mail parcels and Parcel Select pieces entered as specified in the Domestic Mail Manual.
- b. Bulk Insurance provides indemnity for the lesser of: the actual value of the article at the time of mailing, or the wholesale cost of the contents to the sender. For Bulk Insurance, all claims must be filed by the mailer.

1505.9.2 Prices

Merchandise Coverage^{1, 2, 3}

(\$)		(\$)		(\$)
0.01	to	50.00		2.10
50.01	to	100.00		2.65
100.01	to	200.00		3.35
200.01	to	300.00		4.40
300.01	to	400.00		5.55
400.01	to	500.00		6.70
500.01	to	600.00		9.15
600.01	to	5,000.00		9.15 plus 1.25 for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				4.95

Notes

1. Up to \$50.00 of Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using Merchandise Return Service, Priority Mail Open and Distribute, or Premium Forwarding Service.
2. Up to \$100.00 of Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode and for which the mailer pays Commercial Plus prices. This does not apply to Priority Mail pieces sent using Merchandise Return Service, Priority Mail Open and Distribute, or Premium Forwarding Service.
3. For Priority Mail Express pieces, Insurance coverage for merchandise is included at no additional cost in the price of Priority Mail Express, up to \$100.00 per piece.

Bulk Insurance

Subtract \$0.80 per piece from the applicable price for Merchandise Coverage.

(\$)		(\$)	(\$)
Amount of coverage:			
0.01	to	50.00	1.30
50.01	to	100.00	1.85
100.01	to	200.00	2.55
200.01	to	300.00	3.60
300.01	to	5,000.00	3.60 plus 1.25 for each 100.00 or fraction thereof over 300.00

1505.10 Merchandise Return Service

1505.10.1 Description

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- b. Merchandise Return Service is available for ~~First-Class Mail parcels,~~ First-Class Package Service, Priority Mail ~~(except Critical Mail),~~ and certain ground return parcels at Parcel Select Ground ~~Nonpresort~~ prices.
- c. ~~The permit holder must pay an annual permit fee and an account maintenance fee (for each advance deposit account) at each office receiving returns. The Return Services permit and account maintenance fees do not apply to mailers who use the Postal Service to mail non-returns (outbound) parcel-shaped mail using a permit account.~~

1505.10.2 Prices

	(\$)
Return Services Permit (per year)	0.00
Return Services a Account maintenance (per year)	0.00
Per piece	0.00

1505.11 Parcel Airlift (PAL)

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1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	0.75
Over 2 but not more than 3 pounds	1.40
Over 3 but not more than 4 pounds	1.90
Over 4 but not more than 30 pounds	2.55

1505.12 Registered Mail

1505.12.1 Description

- a. Registered Mail service provides added protection to First-Class Mail, ~~First-Class Package Service~~, and Priority Mail ~~(except Critical Mail)~~ pieces, and provides indemnity in case of loss, damage, or missing contents. The amount of indemnity depends upon the actual value of the article at the time of mailing, up to a maximum of \$50,000.00. Articles with a declared value of more than \$50,000.00 can be registered, but compensation for loss, damage, or missing contents is limited to \$50,000.00.

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- c. Registered Mail service also provides, as optional features at an additional fee:

Registered Mail Restricted Delivery which directs delivery only to the addressee or addressee's agent. The addressee must be an individual (a natural person) specified by name.

Registered COD Hold For Pickup which receives COD Hold For Pickup treatment for mail handled the same as other Registered Mail. The maximum amount collectible from the recipient on one article is \$1,000.00. Indemnity is included up to the registry limit of \$50,000 by paying the registry fee for the value declared. The total fees charged for registered COD Hold For Pickup service include the proper registry fee for the value declared plus the registered COD Hold For Pickup fee. The mailer must declare the full value of the article being mailed, regardless of the amount to be collected from the recipient.

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1505.12.2 Prices

(\$)		(\$)	(\$)
Declared Value:			
0.00			11.70
0.01	to	100.00	12.50
100.01	to	500.00	14.55
500.01	to	1,000.00	16.10
1,000.01	to	2,000.00	17.65
2,000.01	to	3,000.00	19.20
3,000.01	to	4,000.00	20.75
4,000.01	to	5,000.00	22.30
5,000.01	to	15,000,000.00	22.30 plus 1.55 for each 1,000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00	23,264.55 plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			4.95
Registered COD <u>Hold For Pickup</u>			5.65

1505.13 Return Receipt

1505.13.1 Description

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b. Return Receipt service is available with:

- Priority Mail Express (hardcopy PS Form 3811 only);
- First-Class Mail and First-Class Package Service when purchased at the time of mailing with Adult Signature (hardcopy PS Form 3811 only), Certified Mail, COD Hold For Pickup, Registered Mail, or insurance for more than \$500.00 (hardcopy PS Form 3811 only);
- Priority Mail (~~except Critical Mail~~) (when purchased at the time of mailing with Adult Signature (PS Form 3811 only), Certified Mail, COD Hold For Pickup, Insured mail for more than \$~~5~~200.00, or Registered Mail);
- Priority Mail (hardcopy PS Form 3811) when purchased at the time of mailing with Adult Signature or insurance for more than \$500.00, or Priority Mail (~~except Critical Mail~~) with Certified Mail, COD Hold For Pickup, or Registered Mail;
- ~~Standard Mail~~ USPS Marketing Mail (hardcopy PS Form 3811 only); when purchased at the time of mailing with bulk insurance for more than \$500.00 and prepared as parcels);
- Parcel Select Lightweight (hardcopy PS Form 3811 only); when purchased at the time of mailing with Adult Signature or bulk insurance for more than \$500.00;
- ~~Standard Post~~ USPS Retail Ground and Package Services when purchased at the time of mailing with COD Hold For Pickup, or insurance for more than \$500.00 (hardcopy PS Form 3811 only); and
- Parcel Select, except Parcel Select Lightweight when purchased at the time of mailing with COD Hold For Pickup (Parcel Select Ground only), or (hardcopy PS Form 3811) with insurance for more than \$500.00 or Adult Signature (Parcel Select ~~Nonpresort~~ Ground only).

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1505.13.2 Prices

	(\$)
Original signature (hardcopy)	2.75
Copy of signature (electronic)	1.45

1505.14 Return Receipt for Merchandise

1505.14.1 Description

- a. Return Receipt for Merchandise service provides mailers of Priority Mail (~~except Critical Mail~~), ~~Standard Mail~~USPS Marketing Mail parcels, ~~Standard Post~~USPS Retail Ground, Package Services, Parcel Select, and ~~Standard Post~~USPS Retail Ground with a mailing receipt and a return receipt providing evidence that the mail has been received at the delivery address, including the recipient's signature. If the initial attempt to deliver the item is not successful, a notice of attempted delivery will be provided to the addressee.

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1505.16 Shipper-Paid Forwarding/Return

1505.16.1 Description

- a. Shipper-Paid Forwarding/Return service enables mailers to have undeliverable-as-addressed parcels, initially mailed as ~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit) parcels, Package Services, Parcel Select, or ~~Standard Post~~USPS Retail Ground, to be forwarded at applicable First-Class Mail or Priority Mail prices for up to one year from the date that the addressee filed a change-of-address order.

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1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	685.00

1505.17 Signature Confirmation

1505.17.1 Description

- a. Signature Confirmation service provides mailers of First-Class Mail parcels, First-Class Package Service, Package Services, Parcel Select (except Parcel Select Lightweight), ~~Standard Post~~USPS Retail Ground, and Priority Mail pieces with a record of delivery, the recipient's signature, and end-to-end tracking updates as the item travels to its destination. If the initial attempt to deliver the item is not successful, a notice of attempted delivery will be provided to the addressee.

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1505.17.2 Prices

	(\$)
Electronic	2.45
Retail	2.90
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	4.95

1505.18 Special Handling

1505.18.1 Description

- a. Special Handling service may be requested at the time of mailing, based on the content and class of mail, and provides preferential handling of Priority Mail Express, First-Class Mail, First-Class Package Service, Priority Mail ~~(except Critical Mail)~~, Package Services, ~~Standard Post~~ USPS Retail Ground, and Parcel Select (except Parcel Select Lightweight) pieces, to the extent practicable during dispatch and transportation.

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1505.18.2 Prices

	(\$)
Fragile	10.25

1510 International Ancillary Services

1510.1 International Certificate of Mailing

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1510.1.2 Prices

Individual Piece Prices

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	1.35
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.39
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	1.35

Multiple Piece Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	7.95
Each additional 1,000 identical-weight pieces or fraction thereof	0.99
Duplicate copy	1.35

1510.2 International Registered Mail

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1510.2.2 Prices

Outbound International Registered Mail Prices

	(\$)
Per Piece	14.95

Inbound International Registered Mail Prices

Payment is made in accordance with Part III of the Universal Postal Convention. This information is available in the Letter Post Manual at www.upu.int.

1510.3 International Return Receipt

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1510.3.2 Prices

Outbound International Return Receipt Prices

	(\$)
Per Piece	3.85

Inbound International Return Receipt Prices

No additional payment.

1510.4 Customs Clearance and Delivery Fee

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1510.4.2 Prices

	(\$)
Per Dutiable Item	6.00

1515 Address Management Services

1515.1 Description

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~~*Advance Notification and Tracking System*~~

~~—The ADVANCE system provides mailers with delivery performance reports and data for qualified Standard Mail and Periodicals mailings with specific in-home delivery windows.~~

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~~*DMM (Domestic Mail Manual) Labeling Lists*~~

~~—DMM Labeling Lists contain destination ZIP Code numbers with the corresponding Postal Service facility destination information.~~

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Five-Digit ZIP

The Five-Digit ZIP service provides detailed street data for multi-coded cities (*i.e.*, cities that have more than one 5-Digit ZIP Code number), so that the proper ZIP Code number can be identified. Copying is allowed for an additional fee.

Labeling Lists

Labeling Lists contain destination ZIP Code numbers with the corresponding Postal Service facility destination information.

LACS^{Link} (Locatable Address Conversion Service)

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1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	0.41
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	31.00
Additional records resolved, per record	0.31
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	65.00*
County Name Retrieval Annual Subscription	65.00*
Delivery Statistic Retrieval Annual Subscription	95.00*
ZIP + 4 Retrieval Annual Subscription	65.00*
CRIS Route (per year)	
Per state (annual subscription)	40.00*
All States (annual subscription)	950.00*
CASS Certification	
Cycle Testing: (for next cycle) August-January	200.00
Cycle Testing: February, March	500.00
Cycle Testing: April	600.00
Cycle Testing: May	700.00
Cycle Testing: June	800.00
Cycle Testing: July	900.00
Cycle Testing: (for current cycle) After July 31 st	1000.00

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	0.41
Change-of-Address Customer Notification Letter Reprint	50.00
City State (per year)	
All States (annual subscription)	395.00
CDS (per address, per year)	0.009
Minimum (per year)	45.00
Correction of Address Lists	
Per submitted address	0.41
Minimum charge per list (30 items)	12.30
Delivery Statistics (per year)	
All States (annual subscription)	395.00*
DMM -Labeling Lists	63.00
DPV System (per year) ³	11,250.00
DSF ² Service (per year) ⁴	112,000.00
Each additional location per year	56,000.00
Each additional platform per location per year	56,000.00
eLOT Service (per year)	
Per state (annual subscription)	40.00*
All States (annual subscription)	950.00*

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	565.00*
LACSLink5	
Interface Developer (first year)	1,125.00 ⁶
Interface Developer (each one-year extension)	350.00 ⁶
Interface Distributor (per year)	1,325.00 ⁷
Data Distributor (per year)	350.00
End User (per year)	350.00 ⁸
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	500.00 ⁹
Cycle Testing: July	1,000.00 ⁹
Cycle Testing: (for current cycle) After July 31 st	1,500.00 ¹⁰
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	500.00 ⁹
Cycle Testing: July	1,000.00 ⁹
Cycle Testing: (current cycle) After July 31 st	1,500.00 ¹⁰
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	300.00 ⁹
Cycle Testing: July	750.00 ⁹
Cycle Testing: (for current cycle) After July 31 st	1,000.00 ¹⁰
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	300.00 ⁹
Cycle Testing: July	750.00 ⁹
Cycle Testing: After July 31 st	1,000.00 ¹⁰
MASS IMb Quality Testing	300.00

	(\$)
NCOA ^{Link} Service ¹¹	
Initial Interface Developer (first year fee)	5,975.00
Interface Developer (per each one year extension)	1,175.00
Interface Distributor (per year)	29,500.00
Full Service Provider (per year)	203,000.00
Full Service Provider Each Additional Site (per year)	99,950.00
Limited Service Provider (per year)	17,500.00
Limited Service Provider (per each one year extension)	
One Site only	17,500.00
Each additional site	8,750.00
ANKLink Service Option (per year)	
First Site	4,100.00
Each Additional Site	1,875.00
End User/MPE (first year)	8,750.00
End User/MPE (each renewal year)	
One site (each site for MPE)	8,750.00
Each additional site (End User only)	4,100.00
ANK ^{Link} Service Option (per year)	900.00
NCOA ^{Link} Test, Audit (each)	1,175.00
Official National Zone Charts (per year)	
Matrix	60.00
RDI Service (per year) ¹	350.00
Z4 Change (per year)	
All States	3,400.00*
ZIP + 4 Service (per year)	
Per state (annual subscription)	40.00*
All States (annual subscription)	950.00

	(\$)
ZIP Code Sortation of Address Lists Per 1,000 addresses, or fraction	135.00
ZIP Move (per year) All States (annual subscription)	115.00*
99 Percent Accurate Method (per 1,000 addresses per year) Minimum (per year)	1.15 115.00

Notes

- *. See AMS Price Table for Single Issues or Additional Copies appearing below.
- 1. When rural routes have been consolidated or changed to another Post Office, no charge will be made for correction if the list contains only names of persons residing on the routes involved.
- 2. Note number not to be used.
- 3. Fees are prorated for first year based on the month the agreement is executed.
- 4. Initial fee is prorated for first year based on the month the agreement is executed. There is no proration for additional locations or platforms.
- 5. Fees are prorated for first year for LACSLink[®] Interface Distributor, Data Distributor, and End User based on month the Postal Service certifies system. Interface Developer test fees are waived if part of CASS certification; otherwise, CASS test fees apply for stand-alone testing.
- 6. Interface Developer fees are waived for certified CASS and NCOALink[®] Full Service Provider distributors fulfilling requirement to provide users access to LACSLink[®].
- 7. Interface Distributor fee are waived for certified CASS distributor who provides End Users of LACSLink[®] Distributor products with access to LACSLink[®] System.
- 8. End User fee is waived for certified NCOALink[®] Full Service Providers who fulfill requirement to offer LACSLink[®] as component of its products and services.
- 9. MASS fees are prorated at 50 percent of regular fee for new, transferred, or upgraded MLOCR/Encoder systems during testing cycle.
- 10. MASS fees are pro prorated at 50 percent of regular fee for new, transferred, or upgraded MLOCR/Encoder systems outside of testing cycle.

11. NCOA^{Link} fees (excluding Interface Developer) prorated for first year based on month Postal Service certifies system. No proration for fees for additional sites.

* * * * *

1520 Caller Service

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1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	780.00
Group 2	730.00
Group 3	650.00
Group 4	620.00
Group 5	595.00
Group 6	550.00
Group 7	505.00
Call Number Reservation (Annual ¹)	49.00

1. For customers using the Enterprise PO Box Online system, the semi-annual and annual fees may be prorated one time to align payment periods for multiple caller service numbers. The prorated fee for each such caller service number will be based on the number of months between the expiration of the current fee and the month of the payment alignment.

* * * * *

1540 International Business Reply Mail Service

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1540.3 Prices

Outbound International Business Reply Mail Service Prices

	(\$)
Card	1.35
Envelope	1.85

Inbound International Business Reply Mail Service Prices

Payment is made in accordance with Universal Postal Convention Article 13. This information is available in the Letter Post Manual at www.upu.int.

* * * * *

1550 Post Office Box Service

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1550.4 Prices

Regular and No Fee

Box Size	Semi-annual Fees ¹ (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ¹²
1	56.00	44.00	37.00	31.00	26.00	20.00	18.00	0.00
2	83.00	68.00	55.00	44.00	35.00	28.00	24.00	0.00
3	145.00	117.00	97.00	72.00	58.00	46.00	38.00	0.00
4	287.00	221.00	178.00	137.00	103.00	75.00	58.00	0.00
5	469.00	391.00	302.00	245.00	172.00	131.00	103.00	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	33.00	26.00	22.00	18.00	14.00	11.00	10.00
2	48.00	40.00	32.00	25.00	20.00	16.00	14.00
3	84.00	68.00	55.00	42.00	33.00	26.00	22.00
4	167.00	128.00	103.00	79.00	59.00	44.00	34.00
5	272.00	226.00	174.00	140.00	99.00	76.00	60.00

Notes

1. For customers using the Enterprise PO Box Online system, the semi-annual fees may be prorated one time to align payment periods for multiple boxes. The prorated fee for each such box will be based on the number of months between the expiration of the current fee and the month of the payment alignment.
42. When the Postal Service determines not to provide carrier delivery to a customer's physical address or business location that constitutes a potential carrier delivery point, as defined by the Postal Service, that customer becomes eligible for one Post Office Box at the Group E fee.

Postal Facilities Primarily Serving Academic Institutions or Their Students

Period of box use (days)	Price
95 or less	$\frac{1}{2}$ semiannual price
96 to 140	$\frac{3}{4}$ semiannual price
141 to 190	Semiannual price
191 to 230	$1 \frac{1}{4}$ semiannual price
231 to 270	$1 \frac{1}{2}$ semiannual price
271 to full year	Two times semiannual price

Ancillary Post Office Box Services

	(\$)
Key duplication or replacement	6.00
Lock replacement ¹	22.00
Key deposit	3.00

Notes

1. The lock replacement fee may also be charged as a late payment fee, regardless of whether the lock is changed.

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1600 Negotiated Service Agreements

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1601 Domestic

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1601.5 PHI Acquisitions, Inc. Negotiated Service Agreement

1601.5.1 Eligible Mail

PHI Acquisitions, Inc. Eligible Mail (PHI Eligible Mail) is flat-shaped ~~Standard Mail~~ USPS Marketing Mail within the High Density and Saturation Flats/Parcels and Carrier Route products, which bear a Full-service Intelligent Mail Barcode (IMb) and is sent by PHI and by entities in which PHI holds controlling shares, and by vendors on behalf of PHI. Only PHI Eligible Mail is eligible for discounts. At least 90 percent of PHI's overall annual ~~Standard Mail~~ USPS Marketing Mail new titles or changes the permit numbers for existing titles to enter PHI Eligible Mail, PHI must notify the Postal Service within 30 days of the creation of the new permit number.

* * * * *

1601.5.5 Acquisition or Creation of New Catalog Title

* * * * *

- b. The adjustment shall be based on mail volumes equal to 80 percent of the total ~~Standard Mail~~ USPS Marketing Mail flats mailed by the acquired catalog brand or title in each of the four most recent, completed Agreement Quarters preceding the closing date of acquisition.

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PART C

GLOSSARY OF TERMS AND CONDITIONS

3000 GLOSSARY OF TERMS AND CONDITIONS

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3003 B

Balloon Price

A price charged for ~~Priority Mail and Standard Post~~ items that weigh less than ~~45~~20 pounds and measure more than 84 inches but no more than 108 inches in combined length and girth.

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Basic Carrier Route

The basic carrier route category applies to ~~Standard Mail~~USPS Marketing Mail sorted by carrier route and presented in sequenced order.

* * * * *

3004 C

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Customized MarketMail (CMM)

A customized mailpiece, typically used in advertising, which may be nonrectangular in shape, and mailed as ~~Standard Mail~~USPS Marketing Mail. CMM is provided as an exception to the general requirement for all mailpieces to be rectangular in shape.

3005 D

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~~DFSS (Destination Flat Sequencing System Facility)~~

~~A destination facility equipped with flats sequencing systems equipment~~

* * * * *

Detached Address Label (DAL)

Paper or cardboard stock used to carry address information separate from a host mailpiece when preparing a mailing of unaddressed host Periodicals flats, ~~Standard Mail~~USPS Marketing Mail flats or merchandise samples, or Bound Printed Matter.

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3007 F

* * * * *

~~FSS Scheme Bundle~~

~~A bundle in which all pieces can be processed using the same FSS sort program~~

~~FSS Facility Container~~

~~A pallet, sack, or tray on which all bundles are prepared for FSS sort programs used at one processing facility~~

~~FSS Scheme Container~~

~~A pallet, sack, or tray on which all bundles are prepared for the same FSS sort program~~

* * * * *

3009

H

Held Mail

Mail will be held at the office of delivery for a specified period of time upon request of the addressee, unless the mail has contrary retention instructions, is perishable, or is Registered Mail, COD Hold For Pickup mail, insured mail, return receipt for merchandise mail, Certified Mail, or Priority Mail Express for which the normal retention period expires before the end of the specified holding period.

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3017

P

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Postage and Fee Payment

Postage and fees must be fully prepaid on all domestic mail at the time of mailing, except as authorized by law or this Schedule. Except as authorized by law or this Schedule, domestic mail deposited without prepayment of sufficient postage shall be delivered to the addressee subject to payment of deficient postage, returned to the sender, or otherwise disposed of as specified in the Domestic Mail Manual. Parcel ~~Select~~ Return Service mail may be retrieved by the permit holder prior to payment of postage, as specified in the Domestic Mail Manual. Matter authorized for mailing without prepayment of postage must bear markings identifying the class of mail service. Matter not so marked, or ineligible for the service marked, will be billed at the applicable price of postage for First-Class Mail or Priority Mail, depending on weight. Mail deposited without any postage affixed will be returned to the sender without any attempt at delivery. When postage is paid by a customer with an authorized Postal Service account, postage payment may be deferred until the mail is verified in the mailstream. If the postage due cannot be determined, the customer will be charged a per-piece (or per-container) rate equal to the average of postage previously paid.

* * * * *

3018

Q

Qualified Business Reply Mail (QBRM)

Letter or postcard shaped Business Reply Mail provided to senders by the recipient (an advance deposit account ~~Business~~ Reply Mail permit holder) for return to the recipient, and approved in advance by the Postal Service as eligible to be returned at QBRM prices. The mailpiece bears the recipient's preprinted machine-readable return address, a barcode, and a Facing Identification Mark, and must be approved in advance by the Postal Service for compliance with machinability, addressing, barcoding, marking, and preparation requirements.

3019

R

Refund of Postage

When postage and special service fees have been paid on mail for which no service is rendered for the postage or fees paid, or collected in excess of the lawful price, a refund may be made. There shall be no refund for Registered Mail, COD Hold For Pickup, and general insurance fees when the article is withdrawn by the mailer after acceptance. In cases involving returned articles improperly accepted because of excess size or weight, a refund may be made.

* * * * *

Ride-Along Mailpiece

~~Standard Mail~~ USPS Marketing Mail material paid at the Periodicals Ride-Along price that is attached to or enclosed with Periodicals mail. All Periodicals products may enclose eligible material at the Ride-Along price. Only one Ride-Along piece may be attached to or enclosed with an individual copy of Periodicals mail.

3020

S

* * * * *

~~Standard Mail~~ USPS Marketing Mail *Forwarding-and-Return Service*

Mailers of ~~Standard Mail~~ USPS Marketing Mail have the option of requesting that undeliverable-as-addressed mail, except Customized MarketMail, be forwarded or returned. This is separate from Shipper-Paid Forwarding, an Ancillary Special Service. Mailpieces requesting Forwarding-and-Return Service must meet specified preparation and payment requirements and bear endorsements. When Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, returned pieces pay the applicable First-Class Mail price and forwarded pieces pay prices based on the shape. When Forwarding-and-Return Service is not used in conjunction with electronic or automated Address Correction Service, then returned pieces are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a designated factor. Separate Address Correction Service fees apply when used in conjunction with Forwarding-and-Return Service.

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ATTACHMENT B

WORKSHARE DISCOUNT TABLES

Workshare Discounts and Benchmarks--Single Piece Letters and Postcards

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
First-Class Mail Single Piece Letters				
Qualified Business Reply Mail Barcoding QBRM	Handwritten Reply Mail	\$0.014	0.018	77.8%
First-Class Mail Single Piece Postcards				
Qualified Business Reply Mail Barcoding QBRM	Handwritten Reply Cards	\$0.014	0.018	77.8%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule:
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Source: ACD FY2015, Table II-3, Page 15

1105

Workshare Discounts and Benchmarks--First-Class Mail Bulk Letters and Postcards

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
First-Class Mail Bulk Letters--Automation				
Barcoding & Presorting (\$ / piece)				
Automation Mixed AADC Letters	Metered Letters	\$0.037	\$0.033	112.1%
Automation AADC Letters	Automation Mixed AADC Letters	\$0.020	\$0.020	100.0%
Automation 5-digit Letters	Weighted Avd. AADC & 3-Digit	\$0.030	\$0.036	83.3%
First-Class Mail Bulk Letters--Nonautomation				
Bar Nonautomation Presort Letters	Metered Letters	\$0.007	\$0.043	16.3%
First-Class Mail Bulk Cards--Automation				
Barcoding & Presorting (\$ / piece)				
Automation Mixed AADC Cards	Nonautomation Presort Cards	0.010	0.010	100.0%
Automation AADC Cards	Automation Mixed AADC Cards	0.008	0.008	100.0%
Automation 5-digit Cards	Weighted Avd. AADC & 3-Digit	0.013	0.013	100.0%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule:
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Source: ACD FY2015, Table II-1, Page 12

1110

Workshare Discounts and Benchmarks--First-Class Mail Flats

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
First-Class Mail Flats--Automation				
Barcoding & Presorting (\$ / piece)				
Automation ADC Flats	Automation Mixed ADC Flats	0.080	0.098	81.6%
Automation 3-digit Flats	Automation ADC Flats	0.040	0.050	80.0%
Automation 5-digit Flats	Automation 3-digit Flats	0.184	0.159	115.7%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1115
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Source: ACD FY2015, Table II-2, Page 14

Workshare Discounts and Benchmarks
Periodicals Outside County Mail

Type of Worksharing	Price ^[1]	Mail Processing Cost for Column C	Delivery Cost for Column E Item ^[3]	Benchmark	Benchmark Price ^[1]	Mail Processing Cost for Column G Item ^[2]	Delivery Cost for Column G ^[3]	Mail Processing Cost Difference ^[4]	Delivery Cost	Avoided Cost ^[6]	Discount / (Surcharge) ^[7]	Passthrough ^[8]
	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
Presorting (dollars / piece)												
Machinable Nonautomation ADC Flats	0.435	0.269	0.186	Machinable Nonautomation MADC Flats	0.473	0.328	0.186	0.058	0.000	0.058	0.038	65.5%
Machinable Nonautomation 3D/SCF Flats	0.416	0.214	0.185	Machinable Nonautomation ADC Flats	0.435	0.269	0.186	0.055	0.001	0.056	0.019	33.9%
Machinable Nonautomation 5D Flats	0.311	0.134	0.179	Machinable Nonautomation 3D/SCF Flats	0.416	0.214	0.185	0.080	0.006	0.086	0.105	122.1%
CR Basic	0.202	0.030	0.134	Machinable Nonautomation 5D Flats	0.311	0.134	0.179	0.104	0.044	0.149	0.109	73.2%
High Density	0.168	N/A	0.091	CR Basic	0.202	0.030	0.134		0.043	0.043	0.034	79.1%
Saturation	0.145	N/A	0.084	High Density	0.168	-	0.091		0.007	0.007	0.023	328.6%
Machinable Automation ADC Flats	0.408	0.243	0.186	Machinable Automation MADC Flats	0.438	0.293	0.186	0.049	0.000	0.049	0.030	61.2%
Machinable Automation 3D/SCF Flats	0.390	0.197	0.185	Machinable Automation ADC Flats	0.408	0.243	0.186	0.046	0.001	0.047	0.018	38.3%
Machinable Automation 5D Flats	0.309	0.125	0.179	Machinable Automation 3D/SCF Flats	0.390	0.197	0.185	0.072	0.006	0.078	0.081	103.8%
Nonmachinable Nonauto ADC Flats	0.579	0.372	0.186	Nonmachinable Nonauto MADC Flats	0.658	0.464	0.186	0.093	0.000	0.093	0.079	84.9%
Nonmachinable Nonauto 3D/SCF Flats	0.473	0.293	0.186	Nonmachinable Nonauto ADC Flats	0.579	0.372	0.186	0.078	0.000	0.078	0.106	135.9%
Nonmachinable Nonauto 5D Flats	0.330	0.209	0.186	Nonmachinable Nonauto 3D/SCF Flats	0.473	0.293	0.186	0.085	0.000	0.085	0.143	168.2%
Nonmachinable Automation ADC Flats	0.555	0.366	0.186	Nonmachinable Automation MADC Flats	0.658	0.464	0.186	0.098	0.000	0.098	0.103	105.1%
Nonmachinable Automation 3D/SCF Flats	0.467	0.202	0.186	Nonmachinable Automation ADC Flats	0.555	0.366	0.186	0.164	0.000	0.164	0.088	53.7%
Nonmachinable Automation 5D Flats	0.329	0.010	0.186	Nonmachinable Automation 3D/SCF Flats	0.467	0.202	0.186	0.192	0.000	0.192	0.138	71.9%
Pre-barcoding (dollars / piece)												
Machinable Automation MADC Flats	0.438	0.293	0.186	Machinable Nonautomation MADC Flats	0.473	0.328	0.186	0.035	0.000	0.035	0.035	100.0%
Nonmachinable Automation MADC Flats	0.658	0.464	0.186	Nonmachinable Nonauto MADC Flats	0.658	0.464	0.186	0.000	0.000	-	-	
Presorting Automation Letters (dollars/piece) ^[9]												
ADC Automation Letter	0.304	0.066	0.048	Mixed ADC Automation Letter	0.341	0.079	0.051	0.012	0.002	0.015	0.037	246.7%
3-Digit Automation Letter	0.284	0.062	0.048	ADC Automation Letter	0.304	0.066	0.048	0.005	0.000	0.005	0.020	400.0%
5-Digit Automation Letter	0.216	0.040	0.045	3-Digit Automation Letter	0.284	0.062	0.048	0.022	0.004	0.025	0.068	272.0%

Notes:

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1310
 [2] Source of Mail Processing Costs: Weighted Average Cost of FSS and Non-FSS Costs USPS-FY15-11.PER_OC.xls, Tab: 'SUMMARY,' Table 'CRA Controlled Direct Piece Costs by Bundle Level, Barcode Status, and Machinability.'
 [3] Source Weighted Average Cost of FSS and Non-FSS Costs: USPS-FY15-19, Table_2_FY15_FSS_Delivery_C, Table 1_FY15_Delivery_Costs
 Carrier Route delivery costs without DALs are used.
 [4] Mail Processing Cost Difference (Column I - Column E).
 [5] Delivery Cost Difference (Column J - Column F)
 [6] Avoided cost in Column M is the sum of Columns K and L.
 [7] Discounts are calculated by subtracting the price for the line item in column C (which is given in column D) from the benchmark price for the line item in column G (which is given in column H).
 [8] The passthrough percentage in column O is the Discount (column N) divided by Avoided Cost (column M).
 [9] STD Letters costs are used as a proxy for Periodicals Letters. STD Letters avoided costs are linked to the appropriate cells in this workbook. See specific cells for links.

Periodicals Bundle and Container Pricing^[1]

Bundle Pricing by Container Level

Container Level	Bundle Level	Price ^[2]	Bottom-up Cost ^[3]	Price as Percent of Cost
Mixed ADC	MADC	\$0.212	\$0.188	112.8%
	ADC	\$0.580	\$0.555	104.5%
	3-D/SCF	\$0.703	\$0.650	108.2%
	5-D	\$0.749	\$0.692	108.2%
	CR	\$0.928	\$0.921	100.8%
	Firm Bundle	\$0.362	\$0.904	40.04%
ADC	ADC	\$0.327	\$0.327	100.0%
	3-D/SCF	\$0.456	\$0.412	110.7%
	5-D	\$0.493	\$0.460	107.2%
	CR	\$0.694	\$0.708	98.0%
	Firm Bundle	\$0.268	\$0.704	40.0%
3-D/SCF ^[4]	3-D/SCF	\$0.326	\$0.326	100.0%
	5-D	\$0.376	\$0.376	100.0%
	CR	\$0.551	\$0.597	92.3%
	Firm Bundle	\$0.214	\$0.595	36.0%
5-D	5-D	\$0.323	\$0.323	100.0%
	CR	\$0.152	\$0.152	100.0%
	Firm Bundle	\$0.103	\$0.247	41.7%
CR ^[5]	CR	\$0.152	\$0.152	100.0%
	Firm Bundle	\$0.103	\$0.247	41.7%

Pallet Pricing by Entry Point

Pallet Level	Entry Point	Price ^[2]	Bottom-up Cost ^[3]	Price as Percent of Cost
Mixed ADC	OSCF	\$7.214	\$42.079	17.1%
	OADC	\$7.214	\$24.177	29.8%
	ONDC	\$7.214	\$42.079	17.1%
ADC	OSCF	\$61.901	\$61.044	101.4%
	OADC	\$61.901	\$60.492	102.3%
	ONDC	\$61.901	\$60.747	101.9%
	DNDC	\$42.789	\$42.079	101.7%
	DADC	\$24.545	\$24.177	101.5%
3-D/SCF ^[7]	OSCF	\$64.497	\$63.696	101.3%
	OADC	\$64.497	\$63.144	102.1%
	ONDC	\$64.497	\$63.400	101.7%
	DNDC	\$45.372	\$44.731	101.4%
	DADC	\$41.123	\$40.563	101.4%
5-D	DSCF	\$23.822	\$23.586	101.0%
	OSCF	\$80.494	\$78.369	102.7%
	OADC	\$80.494	\$77.817	103.4%
	ONDC	\$80.494	\$78.072	103.1%
	DNDC	\$61.355	\$59.404	103.3%
CR ^[8]	DADC	\$57.107	\$55.235	103.4%
	DSCF	\$39.806	\$38.259	104.0%
	OSCF	\$59.711	\$70.891	84.2%
	OADC	\$59.711	\$63.792	93.6%
	ONDC	\$59.711	\$66.957	89.2%
	DNDC	\$40.572	\$39.794	102.0%
	DADC	\$36.324	\$36.826	98.6%
	DSCF	\$19.023	\$19.683	96.6%
	DDU	\$3.046	\$2.856	106.7%

Sack Pricing by Entry Point

Sack Level	Entry Point	Price	Bottom-up Cost	Price as Percent of Cost
Mixed ADC	OSCF	\$0.512	\$2.657	19.3%
	OADC	\$0.512	\$2.030	25.2%
	ONDC	\$0.512	\$3.131	16.4%
ADC	OSCF	\$2.217	\$4.725	46.9%
	OADC	\$2.217	\$4.191	52.9%
	ONDC	\$2.217	\$3.864	57.4%
	DNDC	\$1.515	\$3.131	48.4%
	DADC	\$0.866	\$2.030	42.7%
3-D/SCF ^[6]	OSCF	\$2.323	\$4.994	46.5%
	OADC	\$2.323	\$4.460	52.1%
	ONDC	\$2.323	\$4.133	56.2%
	DNDC	\$1.624	\$3.400	47.8%
	DADC	\$1.299	\$3.112	41.7%
	DSCF	\$0.866	\$2.064	42.0%
5-D/CR	OSCF	\$2.928	\$6.504	45.0%
	OADC	\$2.928	\$5.913	49.5%
	ONDC	\$2.928	\$5.551	52.7%
	DNDC	\$2.165	\$4.739	45.7%
	DADC	\$1.840	\$4.420	41.6%
	DSCF	\$1.407	\$3.340	42.1%
	DDU	\$0.974	\$2.210	44.1%

Notes

- [1] Based on Docket No. R2006-1, PRC-LR-14. Outside County Periodicals bundle and container rates were developed by passing through part of the respective costs, not cost differentials.
- [2] Source of Bundle and Container prices: Docket No. 2017-1, Notice of Price Adjustment, Attachment A, Schedule 1310
- [3] Bundle & Container Cost --Source: USPS-FY15-11.PER_OC.xls
- [4] 3D Bundle Level Costs in all containers are the weighted average cost of FSS and 3D
- [5] CR Bundle Cost in 5D/CR container is weighted average cost of CR Bundle in CR Pallet and FSS Bundle in FSS Scheme Container
- [6] 3D/SCF Presort Sack Costs are weighted average of FSS Scheme, FSS Facility and 3D/SCF Costs
- [7] 3D/SCF Presort Pallet Costs are weighted average of FSS Facility and 3D/SCF Costs
- [8] CRTS Pallet Costs are weighted average of FSS Scheme and CRTS Pallets Costs

Workshare Discounts and Benchmarks--Periodicals Within County Mail

Type of Worksharing	Price	Benchmark	Benchmark Price	Discount / (Surcharge) ^[1]	Avoided Cost ^{[2][3]}	Passthrough
Periodicals Within County Mail						
Presorting (dollars / piece)						
3-Digit Presort	\$0.138	Basic Presort	\$0.153	\$0.015	\$0.072	20.8%
5-Digit Presort	\$0.123	3-Digit Presort	\$0.138	\$0.015	\$0.090	16.7%
CR Basic	\$0.065	5-Digit Presort	\$0.123	\$0.058	\$0.128	45.3%
High Density	\$0.048	CR Basic	\$0.065	\$0.017	\$0.039	43.6%
Saturation	\$0.034	High Density	\$0.048	\$0.014	\$0.007	200.0%
3-Digit Automation Letter	\$0.053	Basic Automation Letter	\$0.064	\$0.011	\$0.011	100.0%
5-Digit Automation Letter	\$0.051	3-Digit Automation Letter	\$0.053	\$0.002	\$0.025	8.0%
Pre-barcoding (dollars / piece)						
Basic Automation Flats	\$0.130	Basic Nonautomation	\$0.153	\$0.023	\$0.069	33.3%
3-Digit Automation Flats	\$0.121	3-Digit Nonautomation	\$0.138	\$0.017	\$0.051	33.3%
5-Digit Automation Flats	\$0.113	5-Digit Nonautomation Flats	\$0.123	\$0.010	\$0.034	29.4%
Dropship (dollars/piece)						
DDU Dropship	\$0.008	All other zones		\$0.008	\$0.025	32.0%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1310
Discounts are calculated by subtracting the price in question from the benchmark price.
- [2] Source of Avoided Cost: Within County Worksheet (cells linked)
- [3] Basic Letters Mail Processing and Delivery Cost is the weighted average of MAADC and AADC costs utilized in the calculation of cost avoidance between Basic and 3-Digit Letters

Periodicals
Within County Worksheet

CRA Controlled Total (Direct) Piece Costs by
Bundle Level, Barcode Status and Machinability

Bundle Level	NonAuto/NM	NonAuto/M	Auto/NM	Auto/M
	(\$)	(\$)	(\$)	(\$)
MADC	0.464	0.328	0.464	0.293
ADC	0.372	0.269	0.366	0.243
3-Digit	0.293	0.214	0.202	0.197
5-Digit	0.209	0.134	0.010	0.125
FSS	-	0.157	-	0.143
CR	0.005	0.030	-	-

Sources Tab FSSexit derived from USPS-FY15-11.PER_OC.xls Tab SUMMARY
Note: Auto/NonAuto are designated as "BC/NBC" in source

Delivery Cost	Cents	Dollars
Periodicals		
Standard Regular Flats	12.997	0.130
ECR Carrier Route Flats		12.997 0.1300
ECR High Density Flats WITHOUT DAL	9.110	0.0911
ECR Saturation Flats WITH DAL	8.668	0.0867
ECR Saturation Flats WITHOUT DAL	8.363	0.0836

Source: USPS-FY15-19, FY 2015_Delivery_Costs By Shape
1 Table_2_FY15_FSS_Delivery_Costs-- Carrier Route Flats Non FSS Zone
2 Table1_FY15_Delivery_Costs

Presorting Cost in Dollars

Periodicals	MP NonAuto	MP Auto	Delivery	Total
Basic	0.320	0.251	0.130	0.450
3-Digit	0.248	0.197	0.130	0.378
5-Digit	0.158	0.124	0.130	0.288
CR	0.030		0.130	0.160

Note: See formulas in cell references for derivation of presorting calculations.

Handling Costs Avoided

Periodicals	Cost/Piece
Facility Type	(\$)
DDU	0.025

Source: USPS-FY15-13, Tab SUMMARY

MIXED ADC BUNDLE PIECES

Nonautomation Nonmachinable	9,865,863
Nonautomation Machinable	12,172,755
Automation Nonmachinable	3,136,868
Automation Machinable	32,794,031
Automation Letter	10,531,081

ADC BUNDLE PIECES

Nonautomation Nonmachinable	6,665,441
Nonautomation Machinable	6,764,526
Automation Nonmachinable	2,881,077
Automation Machinable	41,533,069
Automation Letter	5,902,474

SCF/3-DIGIT BUNDLE PIECES

Nonautomation Nonmachinable	21,604,028
Nonautomation Machinable	28,405,248
Automation Nonmachinable	18,594,410
Automation Machinable	385,785,782
Automation Letter	12,016,569

5-DIGIT BUNDLE PIECES

Nonautomation Nonmachinable	20,853,898
Nonautomation Machinable	44,244,153
Automation Nonmachinable	10,440,994
Automation Machinable	1,044,790,338
Automation Letter	1,812,852
FSS Automation	266,880,589
FSS Nonautomation	2,425,859

CARRIER ROUTE BUNDLE PIECES

Basic	3,007,060,647
High Density	192,314,638
Saturation	52,175,568
Firm Bundle	25,705,497

FY 2015 Total Volume	Regular Rate Pieces	Nonprofit Pieces	Classroom Pieces
9,865,863	9,437,069	419,880	8,914
12,172,755	10,905,687	1,232,751	34,317
3,136,868	2,906,844	230,024	0
32,794,031	27,470,630	5,023,061	300,340
10,531,081	7,740,719	2,731,022	59,340
6,665,441	6,410,184	248,596	6,661
6,764,526	6,054,419	682,819	27,289
2,881,077	2,510,327	370,751	0
41,533,069	33,712,794	7,354,455	465,820
5,902,474	3,618,782	2,265,678	18,014
21,604,028	20,754,379	841,951	7,699
28,405,248	24,194,440	4,056,066	154,741
18,594,410	15,907,912	2,686,499	0
385,785,782	309,010,156	72,696,131	4,079,495
12,016,569	7,751,775	4,244,963	19,832
20,853,898	19,691,468	1,161,500	930
44,244,153	32,546,642	11,395,077	302,434
10,440,994	10,243,669	197,325	0
1,044,790,338	818,505,401	217,026,028	9,258,910
1,812,852	498,546	1,313,359	948
266,880,589	205,374,650	59,300,012	2,205,927
2,425,859	1,972,564	442,054	11,241
3,007,060,647	2,180,363,788	807,100,449	19,596,409
192,314,638	64,592,668	127,710,844	11,126
52,175,568	16,381,055	34,848,081	946,432
25,705,497	12,645,034	5,914,405	7,146,058

Source: Billing Determinants, FY15 Periodicals BDs FY2015

Note: FY 2015 Total Volume is the sum of Regular Rate, Nonprofit and Classroom piece volumes in columns K, L, and M, (rows 4 - 31) respectively.

Calculate Cost Estimate for Basic Automation Letters

	FY 2015 Volume	Percentage of Volume
Automation MAADC	1,717,781,897	40.587%
Automation AADC	2,514,511,249	59.413%
	4,232,293,146	

Source: FY2015 STD Mail BD.xlsx

Adjusted Letter Unit Mail Processing Costs

Automation MAADC	\$ 0.079
Automation AADC	\$ 0.066
Automation 3-Digit	\$ 0.062
Automation 5-Digit	\$ 0.040

Source: USPS-FY15-10.STD.LTRS.xls, Tab: PRESORT LETTERS SUM (Order No 1793)

Fiscal Year 2015 Unit Delivery Costs (Standard Regular)

Automation Mixed AADC	\$ 0.051
Automation AADC	\$ 0.048
Automation 3-Digit Letters	\$ 0.048
Automation 5-Digit Letters	\$ 0.045

Source: USPS-FY15-19 Table1_FY15_Delivery_Costs

Total Cost

Automation MAADC	\$ 0.129
Automation AADC	\$ 0.114

Weighted average of Mixed AADC and AADC presort level

0.120507528

Avoided Cost

\$0.01053577
\$0.011

Note: See formulas in cell references for derivation and calculations.

**CRA Controlled Direct Piece Costs by
Bundle Level, Barcode Status and Machinability**

Bundle Level	NBC/NM	NBC/M	BC/NM	BC/M	Delivery Machinable
MADC	\$0.4643	\$0.3276	\$0.4640	\$0.2926	
ADC	\$0.3715	\$0.2695	\$0.3658	\$0.2434	
3-Digit	\$0.2932	\$0.2145	\$0.2019	\$0.1972	\$0.185
5-Digit	\$0.2086	\$0.1343	\$0.0102	\$0.1253	\$0.179
CR	\$0.0048	\$0.0299			\$0.134

Piece Distribution Mechanics

FY2015 Volume Aggregated by Bundle Level and Machinability/Barcode status

Bundle Level	NBC/NM	NBC/M	BC/NM	BC/M
MADC	9,119,331	11,342,528	3,136,866	32,794,027
ADC	6,364,813	6,441,721	2,881,078	41,533,066
3-Digit	20,665,414	26,175,473	18,594,411	383,337,927
5-Digit	20,262,753	41,124,385	10,440,995	879,076,042
FSS	0	6,906,452	0	919,853,924
CR	29,675,398	2,734,563,853	0	0

Distribution Rate Elements in FSS bundle

Bundle Level	NBC/M	BC/M
3-Digit	2,306,201	10,617,794
5-Digit	3,645,957	222,383,232
CR		612,100,941

Pieces in FSS Bundles Distributed to Rate Cells

Bundle Level	NBC/M	BC/M
3-Digit	2,675,949	11,556,972
5-Digit	4,230,503	242,053,736
CR		666,243,217

Delivery Cost

Non-CR FSS Zone Delivery Cost	0.152
Non-CR Non-FSS Zone Delivery Cost	0.186
CR Non-FSS Zone Delivery Cost	0.130

**CRA Controlled Direct Bundle Costs by
Bundle Level and Presort Container**

Bundle Unit Costs: (excludes broken bundle costs)				
Bundle	By Container			
	MADC	ADC	SCF/3-D	5-Digit/CR
Presort				
MADC	\$0.1885			
ADC	\$0.5551	\$0.3272		
3-Digit	\$0.6504	\$0.4122	\$0.3261	
5-Digit	\$0.6919	\$0.4601	\$0.3761	\$0.3233
CR	\$0.9214	\$0.7077	\$0.5970	\$0.1516
Firm	\$0.9041	\$0.7043	\$0.5955	\$0.2469

FSS and 3D

CR and FSS on FSS Scheme

**CRA Controlled container costs by
presort Level, container type, and entry point**

Table B1: Unit Costs Of Sack/Pallet Handling By Entry Point & Container Presort									
Container		Entry Point							
Type	Presort	DDU	DSCF	DADC	DNDC	ONDC	OADC	OSCF	
Sacks	MADC			\$2.03	\$3.13	\$3.13	\$2.03	\$2.66	
	ADC			\$3.11	\$3.13	\$3.86	\$4.19	\$4.72	
	3-d		\$2.06	\$3.11	\$3.40	\$4.13	\$4.46	\$4.99	FSS Scheme, FSS Facility and 3D/SCF
	5-d	\$2.21	\$2.76	\$3.69	\$3.98	\$4.72	\$5.04	\$5.58	
	5-d CR	\$2.21	\$3.34	\$4.42	\$4.74	\$5.55	\$5.91	\$6.50	
	CR	\$2.21	\$3.34	\$4.42	\$4.74	\$5.55	\$5.91	\$6.50	
Pallets	MADC			\$24.18	\$42.08	\$24.18	\$42.08		
	ADC		\$23.59	\$40.56	\$60.75	\$60.49	\$61.04		
	SCF/3D		\$44.73	\$63.40	\$63.14	\$63.70			FSS Facility and 3D/SCF
	5-Digit	\$2.86	\$38.26	\$55.24	\$59.40	\$78.07	\$77.82	\$78.37	
	CRTS	\$2.86	\$19.68	\$36.83	\$39.79	\$66.96	\$63.79	\$70.89	FSS Scheme and CRTS

Workshare Discounts and Benchmarks--Standard Mail Letters (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Commercial and Nonprofit Standard Mail Letters--Automation				
Presorting (dollars / piece)				
Automation AADC Letters	Automation Mixed AADC Letters	\$0.017	\$0.015	113.3%
[3] Automation 5-digit Letters	Automation AADC Letters	\$0.020	\$0.026	76.9%
Pre-barcoding (dollars / piece)				
Automation Mixed AADC Letters	Non-automation Machinable Mixed AADC Letters	\$0.013	\$0.004	325.0%
Commercial and Nonprofit Standard Mail Letters--Non-automation				
Presorting (dollars / piece)				
Non-automation AADC Machinable Letters	Non-automation Mixed AADC Machinable Letters	\$0.017	\$0.016	106.3%
Non-automation ADC Non-machinable Letters	Non-automation Mixed ADC Non-machinable Letters	\$0.073	\$0.078	93.6%
Non-automation 3-digit Non-machinable Letters	Non-automation ADC Non-machinable Letters	\$0.025	\$0.023	108.7%
Non-automation 5-digit Non-machinable Letters	Non-automation 3-digit Non-machinable Letters	\$0.087	\$0.072	120.8%
Commercial and Nonprofit Standard Mail Letters				
Dropshipping (dollars / piece) - the per pound rates were eliminated in R2015-4				
DNDC Letters	Origin Letters	\$0.026	\$0.016	162.5%
DSCF Letters	Origin Letters	\$0.034	\$0.020	170.0%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1220
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Dropship Cost Differences--Source: Docket No. ACR2015, USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes Letters Presorting and Pre-barcoding Cost Differences--Source: Docket No. ACR2015, USPS-FY15-10 STD_letters.xls, Tab: Summary Delivery Cost Differences--Source: Docket No. ACR2014, USPS-FY15-19, FY15_Table1_DeliveryCosts.xls, Tab: Sheet1
- [3] Order No. 1793

Order No. 1793

"It is ordered:

The benchmark for automation Standard Regular 5-digit letter mail and for automation Standard Non-Profit 5-digit letter mail is the current volume-weighted average of AADC and 3-digit letters, as described in the body of this Order."

Issued July 29, 2013

2015 Unit Costs					Volume: 2015 ³		
Regular Letters					Regular Letters		
	Processing Cost ¹	Delivery Cost ²	Total Cost	Cost Avoidance		Volume	% of Total
Mixed AADC	0.079	0.051	0.129				
AADC	0.066	0.048	0.114	0.015	AADC	1,837,867,408	19%
3-Digit	0.062	0.048	0.11	0.004	3-Digit	7,802,058,471	81%
5-Digit	0.040	0.045	0.085	0.025	Total	9,639,925,879	
Nonprofit Letters					Nonprofit Letters		
Mixed AADC	0.079	0.051	0.129				
AADC	0.066	0.048	0.114	0.015	AADC	676,643,841	22%
3-Digit	0.062	0.048	0.11	0.004	3-Digit	2,454,729,613	78%
5-Digit	0.040	0.045	0.085	0.025	Total	3,131,373,454	
Weighted Total Cost (Hybrid Benchmark)							
Regular and Nonprofit Letters		0.111					
Order No. 1793							
Regular & Nonprofit Letters							
	Total Cost	Cost Avoidance					
Mixed AADC	0.129						
Hybrid Benchmark (AADC & 3-Digit)	0.111						
5-Digit	0.085	0.026					

Assumption:

Given that most of the volume in the Letters category is in Regular Letters, the cost benchmark is calculated using regular volume.

Sources:

1. Docket No. ACR2015, USPS-FY15-10_STD_letters.xls, Tab: Summary
2. Docket No. ACR2015, USPS-FY15-19, FY15_Table1_DeliveryCosts.xls, Tab: FY15_Delivery_Costs
3. FY 2015 Standard Mail Billing Determinants

Workshare Discounts and Benchmarks--Standard Mail Flats Presorting and Pre-barcoding (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Commercial and Nonprofit Standard Mail Flats--Automation				
Presorting (dollars / piece)				
Automation ADC Flats	Automation Mixed ADC Flats	\$0.018	\$0.074	24.3%
Automation 3-digit Flats	Automation ADC Flats	\$0.055	\$0.068	80.9%
Automation 5-digit Flats	Automation 3-digit Flats	\$0.091	\$0.108	84.3%
Automation FSS Non-scheme	Automation 3-Digit Flats	N/A	\$0.082	N/A
Automation FSS Scheme	Automation FSS Non-scheme	N/A	\$0.009	N/A
Commercial and Nonprofit Pre-barcoding (dollars / piece)				
Automation Mixed ADC Flats	Non-automation Mixed ADC Flats	\$0.038	\$0.015	253.3%
Commercial and Nonprofit Standard Mail Flats--Non-automation				
Presorting (dollars / piece)				
Non-automation ADC Flats	Non-automation Mixed ADC Flats	\$0.033	\$0.037	89.2%
Non-automation 3-digit Flats	Non-automation ADC Flats	\$0.051	\$0.054	94.4%
Non-automation 5-digit Flats	Non-automation 3-digit Flats	\$0.069	\$0.081	85.2%
Non-automation FSS Non-scheme	Non-automation 3-Digit Flats	N/A	\$0.048	N/A
Non-automation FSS Scheme	Non-automation FSS Non-scheme	N/A	\$0.011	N/A

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1225
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Dropship Cost Differences--Source: USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes
Flats Presorting and Pre-barcoding Cost Differences--Source: USPS-FY15-11.STD.flats.xls,
Tab: CRA ADJ UNIT COSTS page (for presorting); Tab: Presort LEVELS HELD CONSTANT (for pre-barcoding)
Delivery Cost Differences--Source: Docket No. ACR2015, USPS-FY15-19, FY15_Table1 and Table 2_DeliveryCosts.xls, Tab: Sheet1

Workshare Discounts and Benchmarks--Standard Mail Flats Dropshipping (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Commercial and Nonprofit Standard Mail Flats--Automation and Nonautomation Non-FSS				
Dropshipping (dollars / pound)				
DNDC Flats	Origin Flats	\$0.161	\$0.244	66.0%
DSCF Flats	Origin Flats	\$0.209	\$0.283	73.9%

Commercial and Nonprofit Standard Mail--Automation FSS Scheme and FSS Non-scheme**Dropshipping (dollars / pound)****FSS Scheme**

DNDC Flats - Automation FSS Scheme	Origin Flats - Automation FSS Scheme	N/A	\$0.244	N/A
DSCF Flats - Automation FSS Scheme	Origin Flats - Automation FSS Scheme	N/A	\$0.283	N/A
DFSS Flats - Automation FSS Scheme	Origin Flats - Automation FSS Scheme	N/A	\$0.283	N/A

FSS Non-scheme

DNDC Flats - Automation FSS Non-scheme	Origin Flats - Automation FSS Non-scheme	N/A	\$0.244	N/A
DSCF Flats - Automation FSS Non-scheme	Origin Flats - Automation FSS Non-scheme	N/A	\$0.283	N/A
DFSS Flats - Automation FSS Non-scheme	Origin Flats - Automation FSS Non-scheme	N/A	\$0.283	N/A

Commercial and Nonprofit Standard Mail--Non-automation FSS Scheme and FSS Non-scheme**Dropshipping (dollars / pound)****FSS Scheme**

DNDC Flats - Non-automation FSS Scheme	Origin Flats - Non-automation FSS Scheme	N/A	\$0.244	N/A
DSCF Flats - Non-automation FSS Scheme	Origin Flats - Non-automation FSS Scheme	N/A	\$0.283	N/A
DFSS Flats - Non-automation FSS Scheme	Origin Flats - Non-automation FSS Scheme	N/A	\$0.283	N/A

FSS Non-scheme

DNDC Flats - Non-automation FSS Non-scheme	Origin Flats - Non-automation FSS Non-scheme	N/A	\$0.244	N/A
DSCF Flats - Non-automation FSS Non-scheme	Origin Flats - Non-automation FSS Non-scheme	N/A	\$0.283	N/A
DFSS Flats - Non-automation FSS Non-scheme	Origin Flats - Non-automation FSS Non-scheme	N/A	\$0.283	N/A

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: Discounts are calculated by subtracting the price in question from the benchmark price 1225
- [2] Dropship Cost Differences--Source: USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes

Workshare Discounts and Benchmarks--Standard Mail Parcels (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Nonprofit Standard Mail Parcels				
Presorting (dollars / piece)				
NDC Machinable Parcels	Mixed NDC Machinable Parcels	\$0.396	\$0.396	100.0%
5-digit Machinable Parcels	NDC Machinable Parcels	\$0.286	\$0.584	49.0%
NDC Irregular Parcels	Mixed NDC Irregular Parcels	\$0.263	\$0.202	130.2%
SCF Irregular Parcels	NDC Irregular Parcels	\$0.381	\$0.437	87.2%
5-digit Irregular Parcels	SCF Irregular Parcels	\$0.149	\$0.580	25.7%
Pre-barcoding (dollars / piece)				
Mixed NDC Machinable Barcoded Parcels	Mixed NDC Machinable Non-barcoded Parcels	\$0.062	\$0.038	163.2%
Mixed NDC Irregular Barcoded Parcels	Mixed NDC Irregular Non-barcoded Parcels	\$0.062	\$0.038	163.2%
Commercial and Nonprofit Standard Mail Marketing Parcels				
Presorting (dollars / piece)				
NDC Marketing Parcels	Mixed NDC Marketing Parcels	\$0.334	\$0.290	115.2%
SCF Marketing Parcels	NDC Marketing Parcels	\$0.314	\$0.298	105.4%
5-digit Marketing Parcels	SCF Marketing Parcels	\$0.093	\$0.598	15.6%
Pre-barcoding (dollars / piece)				
Mixed NDC Barcoded Marketing Parcels	Mixed NDC Non-barcoded Marketing Parcels	\$0.062	\$0.038	163.2%
Nonprofit Standard Mail Machinable Parcels and Irregular Parcels				
Dropshipping (dollars / pound)				
DNDC Machinable, Irregular Parcels	Origin Machinable, Irregular Parcels	\$0.245	\$0.832	29.4%
DSCF Machinable, Irregular Parcels	Origin Machinable, Irregular Parcels	\$0.508	\$0.975	52.1%
DDU Machinable, Irregular Parcels	Origin Machinable, Irregular Parcels	\$0.705	\$1.131	62.3%
Commercial and Nonprofit Standard Mail Marketing Parcels				
Dropshipping (dollars / pound)				
DNDC Marketing Parcels	Origin Marketing Parcels	\$0.245	\$0.832	29.4%
DSCF Marketing Parcels	Origin Marketing Parcels	\$0.487	\$0.975	49.9%
DDU Marketing Parcels	Origin Marketing Parcels	\$0.705	\$1.131	62.3%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1230
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Dropship Cost Differences--Source: Docket No. ACR2015, USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes
Parcels Presorting Cost Differences--Source: Docket No. ACR2015, USPS-FY15-12.xls, Tab: MP Summary
Delivery Cost Differences--Source: Docket No. ACR2015, USPS-FY15-19, FY15_Table1_DeliveryCosts.xls, Tab: Sheet1

Workshare Discounts and Benchmarks--Standard Mail Carrier Route Letters, Flats, Parcels (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Standard Mail Commercial and Nonprofit CR Letters, Flats, Parcels				
Dropshipping (dollars / piece)				
DNDC Letters	Origin Letters	\$0.030	\$0.016	187.5%
DSCF Letters	Origin Letters	\$0.038	\$0.020	190.0%
Dropshipping (dollars / pound)				
DNDC Flats	Origin Flats	\$0.122	\$0.244	50.0%
DSCF Flats	Origin Flats	\$0.153	\$0.283	54.1%
DDU Flats	Origin Flats	\$0.196	\$0.331	59.2%
Standard Mail Commercial and Nonprofit Carrier Route Flats (5-Digit Pallets)				
Presorting (dollars / piece)				
Origin Flats on 5-Digit Pallets	Other Origin Flats	\$0.020	\$0.033	60.6%
DNDC Flats on 5-Digit Pallets	Other DNDC Flats	\$0.020	\$0.033	60.6%
DSCF Flats on 5-Digit Pallets	Other DSCF Flats	\$0.020	\$0.033	60.6%
DDU Flats on 5-Digit Pallets	Other DDU Flats	\$0.020	\$0.033	60.6%
Dropshipping (dollars / pound)				
DNDC Flats on 5-Digit Pallets	Origin Flats	\$0.161	\$0.244	66.0%
DSCF Flats on 5-Digit Pallets	Origin Flats	\$0.209	\$0.283	73.9%
DDU Flats on 5-Digit Pallets	Origin Flats	\$0.252	\$0.331	76.1%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1215
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Dropship Cost Differences--Source: Docket No. ACR2015, USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes
5-Digit Pallets Cost Avoidances from ACR2015, USPS-FY15-11 STD Flats, Tab: CR CRA ADJ UNIT COSTS

Workshare Discounts and Benchmarks--Standard Mail High Density and Saturation Letters (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Commercial and Nonprofit Standard Mail HD / Saturation Letters				
Presorting (dollars / piece)				
High Density Letters	Carrier Route Letters	\$0.091	\$0.320	28.4%
Commercial and Nonprofit Dropshipping (dollars / piece)				
DNDC Letters	Origin Letters	\$0.024	\$0.016	150.0%
DSCF Letters	Origin Letters	\$0.031	\$0.020	155.0%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1205
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Standard ECR Mail Units Costs--Source: Docket No. ACR2015, USPS-FY15 ECR Unit Costs.xls, Tab: Table 1
Dropship Cost Differences--Source: Docket No. ACR2015, USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes
Delivery Cost Differences--Source: Docket No. ACR2015, USPS-FY15-19, FY15_Table1_DeliveryCosts.xls, Tab: Sheet1

Workshare Discounts and Benchmarks--Standard Mail High Density and Saturation Flats and Parcels (Commercial and Nonprofit)

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Commercial and Nonprofit Standard Mail HD / Saturation Flats and Parcels				
Presorting (dollars / piece)				
High Density Flats	Carrier Route Flats	\$0.042	\$0.081	51.9%
Commercial and Nonprofit Dropshipping (dollars / pound)				
DNDC Flats	Origin Flats	\$0.161	\$0.244	66.0%
DSCF Flats	Origin Flats	\$0.215	\$0.283	76.0%
DDU Flats	Origin Flats	\$0.252	\$0.331	76.1%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1210
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Standard ECR Mail Units Costs--Source: Docket No. ACR2015, USPS-FY15-18 ECR Unit Costs.xls, Tab: Table 1
Dropship Cost Differences--Source: Docket No. ACR2015, USPS-FY15-13 STD_TOTAL.xls, Tab: Summary All Shapes
Delivery Cost Differences--Source: Docket No. ACR2015, USPS-FY15-19, FY15_Table1_DeliveryCosts.xls, Tab: Sheet1

Workshare Discounts and Benchmarks--Media Mail and Library Mail

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
Media Mail				
Presorting (dollars / piece)				
Basic	Single Piece	0.12	0.22	55.8%
5-digit	Basic	0.69	1.25	55.1%
Library Mail				
Presorting (dollars / piece)				
Basic	Single Piece	0.12	0.22	55.8%
5-digit	Basic	0.65	1.25	51.9%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule:
 [2] Presorting Cost Differences--Source:USPS-FY15-15, MM-LM .xls, Tab: Summary

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Workshare Discounts and Benchmarks--Bound Printed Matter Flats

Type of Worksharing	Benchmark	Discount ^[1]	Avoided Cost ^[2]	Passthrough
BPM Flats				
Presorting (dollars / piece)^[3]				
Basic Flats	Single Piece Flats	0.346	See Note [3]	
FSS Flats	Single Piece Flats		See Note [3]	
Carrier Route Flats	Basic Flats	0.142	0.148	95.9% 80.4%
Presorting (dollars / pound)^[3]				
Basic, Carrier Route Flats	Single Piece Flats			
Zones 1&2	Zones 1&2	0.042	See Note [3]	
Zone 3	Zone 3	0.051	See Note [3]	
Zone 4	Zone 4	0.038	See Note [3]	
Zone 5	Zone 5	0.043	See Note [3]	
Zone 6	Zone 6	0.051	See Note [3]	
Zone 7	Zone 7	0.048	See Note [3]	
Zone 8	Zone 8	0.040	See Note [3]	
Pre-barcoding (dollars / piece)^[4]				
Single Piece Automatable Flats	Single Piece Nonautomatable Flats	0.000	See Note [4]	
Basic Automatable Flats	Basic Nonautomatable Flats	0.000	See Note [4]	
Carrier Route Automatable Flats	Carrier Route Nonautomatable Flats	0.000	See Note [4]	
Drop Ship (dollars / piece)				
Basic, Carrier Route DNDC Flats	Basic Origin Flats	0.113	0.104	108.7%
Basic, Carrier Route DSCF Flats	Basic Origin Flats	0.590	0.549	107.5%
Basic, Carrier Route DDU Flats	Basic Origin Flats	0.750	0.698	107.4%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1415
- [2] Presorting and Pre-barcoding Cost Differences (Per Piece)--Source:USPS-FY15-15, BPM.xls, Tab: Summary
- [3] Drop Ship Cost Differences (Per Piece)--Source:USPS-FY15-15, BPM.xls, Tab: Summary
- [3] The BPM cost model does not estimate cost differences between single piece and presorted BPM. Single piece BPM is a residual category with low volume and adequate data are not available. Previously, rate differences between single piece and presorted BPM were based on an assumption that unit mail processing costs for single piece BPM were twice that of presorted BPM. See Docket No R2006-1, USPS-T-38, p. 8.
- [4] These barcode discounts were eliminated in Docket No. R2013-10.

Workshare Discounts and Benchmarks--Bound Printed Matter Parcels

Type of Worksharing	Benchmark	Discount ¹	Avoided Cost ²	Passthrough
BPM Parcels / IPPs				
Presorting (dollars / piece) ^[3]				
Basic Parcels / IPPs	Single Piece Parcels / IPPs	0.665	See Note [3]	
Carrier Route Parcels / IPPs	Basic Parcels / IPPs	0.126	0.148	85.1%
Presorting (dollars / pound) ^[3]				
Basic, Carrier Route Parcels / IPPs	Single Piece Parcels / IPPs			
Zones 1&2	Zones 1&2	0.055	See Note [3]	
Zone 3	Zone 3	0.059	See Note [3]	
Zone 4	Zone 4	0.051	See Note [3]	
Zone 5	Zone 5	0.048	See Note [3]	
Zone 6	Zone 6	0.053	See Note [3]	
Zone 7	Zone 7	0.031	See Note [3]	
Zone 8	Zone 8	0.027	See Note [3]	
Drop Ship (dollars / piece)				
Basic, Carrier Route DNDC Parcels / IPPs	Basic Origin Parcels / IPPs	0.112	0.104	107.7%
Basic, Carrier Route DSCF Parcels / IPPs	Basic Origin Parcels / IPPs	0.615	0.549	112.0%
Basic, Carrier Route DDU Parcels / IPPs	Basic Origin Parcels / IPPs	0.785	0.698	112.5%

Notes

- [1] Source of Discounts: Docket No. R2017-1, Notice of Price Adjustment, Attachment A, Schedule: 1420
- [2] Presorting and Pre-barcoding Cost Differences (Per Piece)--Source:USPS-FY15-15, BPM.xls, Tab: Summary
Drop Ship Cost Differences (Per Piece)--Source:USPS-FY15-15, BPM.xls, Tab: Summary
- [3] The BPM cost model does not estimate cost differences between single piece and presorted BPM. Single piece BPM is a residual category with low volume and adequate data are not available. Previously, rate differences between single piece and presorted BPM were based on an assumption that unit mail processing costs for single piece BPM were twice that of presorted BPM.
See Docket No R2006-1, USPS-T-38, p. 8.

ATTACHMENT C

PRICE CAP CALCULATION

ATTACHMENT C: PRICE CAP CALCULATION

Calculation of amount of applicable change in CPI-U and Price Cap

	CPI ^[1]	Last 12 Months Point-to-Point ^[2]	12-Month Total ^[3]	12-Month Total Divided by 12 ^[4]	Base Average ^[5]	12-Month Moving Average ^[6]	Rule 3010.22.b Adjustment ^[7]	Rule 3010.26.c Adjustment ^[8]	Adjusted Price Cap ^[9]
Jan-14	233.916	1.6%	2799.1	233.260	229.895	1.464%			
Feb-14	234.781	1.1%	2801.7	233.478	230.270	1.393%			
Mar-14	236.293	1.5%	2805.3	233.771	230.552	1.396%			
Apr-14	237.072	2.0%	2809.8	234.150	230.756	1.471%			
May-14	237.900	2.1%	2814.8	234.563	231.017	1.535%			
Jun-14	238.343	2.1%	2819.6	234.966	231.352	1.562%			
Jul-14	238.250	2.0%	2824.2	235.354	231.727	1.565%			
Aug-14	237.852	1.7%	2828.2	235.685	232.018	1.580%			
Sep-14	238.031	1.7%	2832.1	236.009	232.247	1.620%			
Oct-14	237.433	1.7%	2836.0	236.332	232.432	1.678%			
Nov-14	236.151	1.3%	2839.1	236.589	232.670	1.685%			
Dec-14	234.812	0.8%	2840.8	236.736	232.957	1.622%			
Jan-15	233.707	-0.1%	2840.6	236.719	233.260	1.483%			
Feb-15	234.722	0.0%	2840.6	236.714	233.478	1.386%			
Mar-15	236.119	-0.1%	2840.4	236.699	233.771	1.253%			
Apr-15	236.599	-0.2%	2839.9	236.660	234.150	1.072%			
May-15	237.805	0.0%	2839.8	236.652	234.563	0.891%			
Jun-15	238.638	0.1%	2840.1	236.677	234.966	0.728%			
Jul-15	238.654	0.2%	2840.5	236.710	235.354	0.576%			
Aug-15	238.316	0.2%	2841.0	236.749	235.685	0.451%			
Sep-15	237.945	0.0%	2840.9	236.742	236.009	0.311%			
Oct-15	237.838	0.2%	2841.3	236.776	236.332	0.187%			
Nov-15	237.336	0.5%	2842.5	236.874	236.589	0.120%			
Dec-15	236.525	0.7%	2844.2	237.017	236.736	0.119%		0.062%	(Other Market Dominant Mail Classes) 0.181%
Jan-16	236.916	1.4%	2847.4	237.284	236.719	0.239%		0.055%	0.294%
Feb-16	237.111	1.0%	2849.8	237.484	236.714	0.325%		0.053%	0.378%
Mar-16	238.132	0.9%	2851.8	237.651	236.699	0.402%	(First-Class Mail and Standard Mail Only)	0.047%	0.449%
Apr-16	239.261	1.1%	2854.5	237.873	236.660	0.513%	0.093%	0.030%	0.543%
May-16	240.236	1.0%	2856.9	238.076	236.652	0.602%	0.179%	0.027%	0.629%
Jun-16	241.038	1.0%	2859.3	238.276	236.677	0.676%	0.263%	0.037%	0.713%
Jul-16	240.647	0.8%	2861.3	238.442	236.710	0.732%	0.333%	0.051%	0.783%
Aug-16	240.853	1.1%	2863.8	238.653	236.749	0.804%	^[10] 0.422%	0.067%	^[11] 0.871%

[1] Consumer Price Index -- All Urban Consumers, U.S. All Items (the "CUUR0000SA0" series)

[2] The current month CPI (Column 1) divided by CPI for same month, previous year

[3] Sum of the most recent 12 months CPI measurements in Column [1]

[4] Column [3] / 12

[5] The 12-month average of [1] from the 12 months prior to [4]. Only necessary to calculate cap when more than 12 months have passed.

[6] (The current month value in Column [4] / value from same month, previous year) - 1

[7] Rule 3010.22.b requires an adjustment made to the 12 month moving average whenever less than 12 months have passed since the most recent price change. The adjustment calculates the unused rate authority by dividing the Recent Average (Column [4]) applicable to the notice of rate adjustment by the Recent Average utilized in the previous rate adjustment and subtracting one from the quotient. In this particular instance, the Recent Average from the notice of rate adjustment is 232.018 and the Recent Average from the previous rate adjustment is 230.522 with a resulting price cap of 0.636%.

[8] Rule 3010.26.c requires an adjustment made to the 12-month moving average whenever more than 12 months have passed since the most recent price change. The adjustment calculates the unused rate authority by dividing the Base Average (Column 5) by the recent average (Column 4) utilized in the previous rate adjustment and subtracting one from the quotient and then adding this to the 12-month moving average at the time of the instant transmittal. In this particular instance, the applicable base average is 232.670 ((C45:C56)/12), the Recent Average utilized in the previous rate case is 232.018 resulting in a quotient of 0.281 when subtracted by 1. Adding 0.281 to the 12-month moving average of 1.685 results in a price cap of 1.966% for the instant transmittal. The numbers are rounded to the third decimal point prior to adding.

[9] The current 12-month moving average plus the Rule 3010.26c adjustment.

[10] 0.422% is the new inflation-based price adjustment authority for First-Class Mail and Standard Mail

[11] 0.872% is the new inflation-based price adjustment authority for Periodicals, Package Services, and Special Services.